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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

**CHARTER**  
071 538 8888

FT No. 31,175

Weekend June 16/June 17 1990

D 8523A

## WORLD NEWS

### High Court rejects poll tax appeal

The High Court rejected an appeal by 19 local authorities for judicial review of the decision by Mr Chris Patten, the Environment Secretary, to "cap" their budgets.

The decision was welcomed by Mr Patten, who will cite the judgment in his efforts to convince the Prime Minister that new legislation to curb local authority spending will not be necessary.

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### Ernest Saunders in

The Guinness trial at Southwark Crown Court in London was halted because Ernest Saunders, the company's former chairman and chief executive, was suffering from a viral throat infection.

Mr Justice Henry said he hoped the trial would continue on Monday.

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### ESM help for film makers

The Government is to provide around \$5m over three years to help British film makers enter European co-production as part of a plan to attract more private investment in the UK film industry.

Page 24

### US to help Krasnin

US President George Bush is lending John Krasnin, the White House chief of staff, to Soviet leader Mikhail Gorbachev to advise him on how to organise his office.

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### Moderate Russian PM

Ivan Silayev, a moderate reformer, became Prime Minister of Russia after defeating President Boris Yeltsin's candidate Mikhail Bocharov.

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### Property returns agreed

The East Berlin Government has agreed with Bonn to return property and land in East Germany to dispossessed owners.

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### Sunday trading fine

Texas Housecar was fined £2,200 with £3,000 costs by magistrates in Cumbria after being found guilty on nine charges of illegal Sunday trading at its Carlisle store.

### Canadian crisis

A fourth Canadian parliamentarian, Pat Nowlan from Nova Scotia, has resigned from the ruling Conservative Party caucus over his concern that Ottawa was applying pressure to obtain passage of the Meech Lake accord, which recognises Quebec as a distinct society.

### W Germans foil attacks

A number of IRA attacks in West Germany have been foiled. EC security ministers were told at the Trevi security summit in Dublin.

### Transfusion to go ahead

Cypriot doctors are to give a dying child a blood transfusion after a court overruled her parents' religious objections. Health Minister Panikos Papa-georgiou said the blood transfusion would go ahead in an attempt to save the life of two-year-old Stephanie Charalambous.

### Architects back Prince

Architects and property developers backed a call by the Prince of Wales for the creation of "urban villages" by agreeing to adopt the principles laid down in the Prince's book *A Vision of Britain*.

### Buses for football fans

Football fans will be bussed back to their hotels and camp sites after today's World Cup match between England and Holland.

### Actor dies

Actor Leonard Sachs, host of BBC TV's variety show *The Good Old Days*, died aged 82.

### Too much English

French President Francois Mitterrand has warned the European Community against the exclusive use of English in some parts of the organisation.

## BUSINESS SUMMARY

### Visa loses action over dual pricing

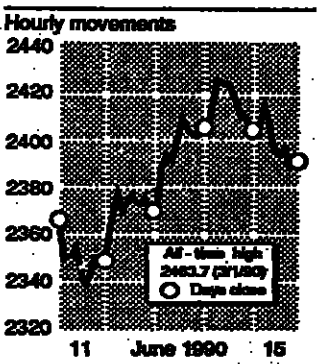
Visa International, plastic card payment system, lost a High Court action aimed at blocking UK Government moves to allow retailers to charge higher prices to customers paying by credit card.

The decision clears the way for the Department of Trade and Industry to proceed to issue the orders allowing dual pricing. This means that cash customers will probably be charged less than credit card customers in some shops by the autumn. Page 24

**DONALD TRUMP**, the embattled New York businessman, missed about \$20m (£12m) in interest payments on his publicly traded debt amid signs that he faces deepening financial problems. Page 24

**FT-SE 100 SHARE INDEX:** The index showed a net gain of 25.7 points over the week spurred by a report that the UK Gov-

### Hourly movements



ernment was planning entry into the exchange rate mechanism of the EMS by September or October. Page 15

**SOVIET UNION** is estimated to have paid about \$50m (£28m) over the last week to UK companies in moves to make good late payments. Page 24

**BRITAIN** is making progress in persuading the European Commission to accept that economic and monetary union need not mean that European Community member states surrender control over their national budgets. Mr Peter Lilley, Financial Secretary to the Treasury, told the Commons. Page 6

**BRITISH COAL** Pension Fund's £1bn bid for Globe Investment Trust has been given the go-ahead by the Office of Fair Trading and the Department of Trade and Industry. Page 10; Lex Page 24

**SAAB-SCANIA**, Swedish automotive and aerospace group, has increased profits after financial items for the first four months of this year by 27 per cent to SKr171m (£79.1m). Turnover rose by 11 per cent to SKr10.1bn against the comparable four months of 1989. Page 12

**TOMKINS**, UK industrial conglomerate, has reached formal agreement on the \$550m (£325m) acquisition of Phillips Industries, US industrial group. Page 11

**SOVIET UNION** set 1995 as the target date to make its ruble currency fully convertible on world money markets.

**LONGHO**, international conglomerate, has embarked on a new legal battle against the Fayed brothers in the long-running feud over Harrods, the Knightsbridge store. Page 6

**SHANGHAI**'s reform-oriented mayor Zhu Rongji offered to allow foreign banks back into their grand old office buildings on the Bund waterfront as a symbolic example of his dream of rebuilding the city into China's main financial centre. Page 3

**HUNGARY**'s first privatisation - of travel agency Ibusz - has been massively over-subscribed. Page 12

**JOHN WADDINGTON**, maker of the football board game Subbuteo, said demand for players in Cameroon colours had soared since the side beat Argentina and Romania in the World Cup.

## Government resumes control of a Bucharest subdued by violence



Air of intimidation: Romanian miners, one armed with a stick, after violent scenes in Bucharest yesterday

## Romanian miners end rampage

By Owen Bennett-Jones in Bucharest

THE ROMANIAN Government was last night re-establishing control over the streets of Bucharest after miners, acting as the regime's vigilantes, went home after 36-hour rampages through the capital in support of President Ion Iliescu.

Unrelenting violence by the miners has left an atmosphere of intimidation in the city. It has forced anti-Government activists and opposition parties into submission.

One eyewitness described Thursday, when the miners randomly beat up hundreds of people, as "the first day of the new dictatorship".

In Paris, Mr Lesco Tokes, the ethnic Hungarian clergyman who was at the centre of Romania's uprising in December, said conditions existed for

### Dark days between the wars recalled in Romania

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a second revolution in the Balkan state.

Some of the miners had earlier broken an agreement to leave, attacked foreign journalists in University Square and attempted to storm the Inter-continental Hotel.

That attack followed complaints from Mr Petre Roman, the Romanian interim Prime Minister, that some journalists had given biased accounts of the anti-government protest and the authorities' response.

A government official said last night all the miners had

departed. A train with some 20 carriages packed with miners from the Jiu Valley in western Romania was seen pulling out of a Bucharest station.

Mr Roman claimed that the government had tried, and largely been able, to control the miners.

It is becoming increasingly clear that their violent activities were carefully directed. They attacked key buildings such as the party HQ of the two main opposition parties and the offices of Romania Lib-

erty, the country's most prominent anti-government newspaper, locations they are unlikely to have known. Some opposition members said they recognised members of the feared Securitate secret police dressed up as miners.

The British Foreign Office called in Romania's envoy in London to protest at violent attacks on the opposition.

Charge d'affaires Nicu Bujor was told Britain strongly disapproved of the ransacking of opposition leaders' homes and the violence in which five people have died and more than 100 have been injured this week.

Mr Bujor had particularly protested at the treatment of National Peasants' Party leader Ion Ratiu, who was briefly seized by 20 miners who ransacked his home in Bucharest on Thursday night, he said.

Mr Roman conceded that there had been some "unpleasant incidents". He hoped the miners' departure would put an end to them.

Continued on Page 24

## Gracious Lady honours Dragon Lady

**DAME Lydia Dunn**, Hong Kong's "Dragon Lady" who often spars with Britain's "Iron Lady", Mrs Margaret Thatcher, was honoured by the Queen's Birthday Honours.

Lydia Dunn, who was born in 1946, Year of the Dragon, has a tough nature. As a senior member of the colony's executive council, she has spearheaded a largely un-

successful campaign to persuade the British Government to speed up democracy in Hong Kong and grant the territory's residents the right to elect the right to settle in Britain.

Mrs Barbara Castle, the former Labour MP and member of the European Parliament, is also created a baroness. As Employment and Productivity Secretary, she introduced the Equal Pay Act 1970 through Parliament.

Industry, business, commerce and the City are well represented in the list. Sir Robert Haslam, chairman of

the British Coal Corporation, becomes a peer. Mr Bob Reid, who left Shell UK to become the new chairman of British Telecom, is knighted.

Mr Allen Sheppard, chairman of Grand Metropolitan, Mr Christopher Tugendhat, chairman of the Civil Aviation Authority, Mr Antony Pilkington, chairman of the glass company, and Mr John Birkin, chief executive of RTZ.

The arts and entertainment industries also feature among the 988 awards. Mr Jimmy Savile becomes the first disc

jockey to be knighted. Sportsman-winning novelist receives awards: Mr Kingsley Amis gets a knighthood, and Ms Anita Brookner a CBE.

Mr Peter Ustinov, the actor, is knighted, while a CBE goes to Bernard Levin, the journalist and broadcaster.

Mr Richard Hadlee, the New Zealand Test cricketer, gets a knighthood, and Mr Tracy Edwards, skipper of the all-female crew of the *Maiden* yacht, which recently completed the Whitbread round-the-world race, gets an MBE.

Details, Page 7

## DTI appoints investigators for Atlantic Computers probe

By Richard Waters and David Owen

THE DEPARTMENT of Trade and Industry is to carry out a far-reaching investigation of Atlantic Computers, the computer leasing subsidiary responsible for the downfall of financial services group British & Commonwealth.

The inspectors, Mr James Scott, a partner of accountants Binder Hamlyn, and Mr Eben Hamilton QC, were appointed yesterday. Section 433 of the 1985 Companies Act, giving them wide powers to interrogate witnesses and examine documents.

They will investigate and report on the affairs of both Atlantic Computers' parent and Atlantic Computer Systems. B&C called in administrators at Atlantic and wrote off \$550m against its investment in April. The administrators, Mr John Soden and Mr Peter Padmore of Price Waterhouse, subsequently estimated the company's potential liabilities at up to £1m.

The reason for the investigation, which was prompted by information passed to the DTI

### Anything you say may be taken down

Page 10

by Atlantic's administrators, was not disclosed. Section 433 covers cases where there is a suspicion that creditors or shareholders have been threatened, important information has been withheld from shareholders, or there has been other serious misconduct on the part of the directors.

The administrators have also passed information to the Serious Fraud Office although the SFO said yesterday that it had not begun an investigation of its own.

It is thought that one focus of the inspectors' inquiries may be the way in which the group built up a mountain of contingent liabilities through the structuring of many of the leases that it sold.

The company would often give lessees the option to walk away from leases before the

end of their term, leaving Atlantic to make good the remaining payments due to the lessor.

By the end of June 1989, according to a provisional and incomplete briefing note prepared by Atlantic's senior management, liabilities related to "walk" exposures had reached \$110.7m.

As part of a recommended solution, management advised making a \$20m provision. The charge, offset by \$50m of exceptional credits, was to be taken as an exceptional item through the 1989 profit and loss account.

Atlantic's founder and chief executive, Mr John Foulton, died in a car accident in 1987.

Other directors whose actions are likely to be the focus of the inspectors' attention include Mr John Gunn and Mr Peter Goldie, the B&C board members directly involved with the company after it was taken over in 1988, and Mr Nick Kennedy Scott, a former Atlantic chairman and B&C board member.

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## MARKETS

### STERLING

New York lunchtime:

\$1.7115

London:

\$1.7005 (1.7005)

DM2.88 (same)

FF2.45 (2.4475)

Y26.40 (26.275)

Index: 90.5 (same)

### GOLD

New York: Comex Aug

\$352.0

London:

\$347.5 (345.75)

15-day (Argus)

\$19.325 (19.305)

Chief price changes yesterday: Page 24

### DOLLAR

New York lunchtime:

DM1.885

FF1.4307

Y153.95

London:

DM1.8850 (1.8845)

FF1.4305 (1.4305)

Y154.15 (154.0)

\$ index: 97.9 (same)

US close: Y154.52

### US LUNCHTIME

RATES

Feed Funds: 8 1/2%

3-mo Treasury Bill:

yield: 7.53%

Long Bond:

yield: 8.42%

### STOCK INDICES

FT-SE 100:

2,392.3 (-10.7)

FT Ordinary:

1,925.9 (-2.7)

FT-A All-Share:

1,178.39 (-0.4%)

New York lunchtime:

DJ Ind. Av.

2,821.53 (-6.69)

S&P Comp

361.42 (-1.48)

Tokyo Nikkei

32,538.4 (-129.71)

3-mo Interbank:

4 1/2% (14.35-14.5)

Life long gilt futures:

Sep 85 1/2 (86 1/2)

LONDON MONEY



## INTERNATIONAL NEWS

## Political row in Bonn follows arrest in East of Red Army Faction suspects

GERMAN POLICE yesterday clinched one of their most spectacular successes in a two-decade anti-terrorist struggle as East German police rounded up seven suspected members of the Red Army Faction (RAF) urban guerrilla group, David Marsh writes from Bonn.

The seizure of the alleged terrorists, wanted in connection with a series of killings, bombings and robberies since the mid-1970s, was the result of newly-agreed co-operation between the East and West German security services.

Action by the East German police, in three separate swoops on Thursday night and yesterday morning, took to nine the number of suspected RAF members arrested in East

Germany over the past 10 days. There was confusion last night over whether those taken into custody included Barbara and Ludwig Meyer. They are alleged to have been involved in the murder of Mr Ernst Zinnermann, the chairman of aero-engine maker MTU. Mr Karl-Heinz Beckurts, the Siemens board member, and Mr Gerold von Braunmühl, a top Foreign Ministry official.

The East German news agency last night denied earlier reports that the Meyers had been held. Those captured included Werner Lotze, also alleged to belong to the RAF "hard core", and wanted for questioning about the kidnap and assassination in 1977 of employers' federation boss Mr

Hanns-Martin Schleyer. Others held were named as Monika Heibing, Ekkehard von Seckendorff-Gudent, Christine Dümmler and Sabine Elke Callen.

Collaboration between the East and West German Interior Ministries, forged as part of the run-up to political unity, has exposed East Germany as a refuge for many RAF members on the run from the Federal Republic. East German police last week arrested Susanne Albrecht, wanted over the killing in 1977 of Mr Jürgen Ponto, chief executive of the Dresdner Bank, and another alleged RAF member, Inge Viett, was tracked down on Wednesday.

The closing of the East German bolt-hole has, however, unleashed a political row in Bonn over the apparent inability of West German intelligence to track down the suspects to the East. In spite of sporadic suspicions that the East German Stasi secret police were offering a safe haven, the general belief in West German security circles was that many RAF terrorists had fled to the Middle East.

Mr Peter-Michael Diestel, the East German Interior Minister, said yesterday that at least some of those arrested yesterday had lived in East Germany under false names for 10 years. They are thought to have been issued with new identities and East German citizenship by the secret service of the former Communist regime.

A total of 22 wanted terrorists are however still on the run, according to West German police.

Following the latest raids in the towns of Frankfurt/Oder, Cottbus and Leipzig, the East German Interior Ministry said yesterday that further "cleaning up" of alleged terrorists was expected in the next few days. The West German authorities have applied for the detainees to be extradited as soon as possible to the Federal Republic.

East and West Germany agreed in April to set up a joint anti-terrorist unit. Bonn also sent Mr Heinrich Böge, the former Federal Police Office president, to East Berlin as an advisor to improve police work there.



Red Army Faction suspects Werner Lotze, Monika Heibing and Ekkehard von Seckendorff-Gudent. 22 wanted terrorists are still on the run

## Moscow to slash defence spending as deficit soars

By Quentin Peel in Moscow

MR Yuri Maslyukov, the Soviet first deputy prime minister and head of the state planning apparatus, said yesterday that the government would be making further drastic cuts in defence spending and capital investment to cope with a soaring budget deficit.

He said the measures were intended to maintain the deficit at the planned level of Rb560bn, already 6 per cent of gross domestic product, when latest estimates suggest it could increase by 50 per cent without further spending cuts.

The main factors in the increase are a drop in revenues because of declining economic activity, an extra Rb50bn to be spent on an increase in grain purchasing prices, without any bread price rise, and extra spending on pensions and the after-effects of Chernobyl.

The disarray in government spending has been compounded by the fact that the Soviet parliament to agree on a

trippling in the bread price from July 1, requested by the government, by adding new social spending, and by cutting the future enterprise tax rate below the level requested by the administration.

However, Mr Maslyukov insisted yesterday that the actions of the Soviet parliament amounted to a rejection of the government's step-by-step economic reform strategy, insisting that all agree on the need to move to a market economy.

"We are quite satisfied with the result of the decisions taken by the session...the concept of the government for transition to a market economy has been adopted," he said.

In fact, the Supreme Soviet completely ignored the government's proposals for drastic price rises, matched by hefty wage compensation, and concentrated entirely on the need to move to a market economy.

move to a market system. The government's plan contained very little detail on that subject.

The parliament gave the go-ahead for President Mikhail Gorbachev to introduce a series of major reforms - including a denationalisation programme, promotion of joint-stock companies and small businesses, banking reform and anti-monopoly legislation - by decree, from July 1.

It instructed the government to come up with a comprehensive economic programme, including new price proposals, by September 1. But Mr Maslyukov insisted that he saw no immediate reason to change the present price policy of controlled price rises, without any immediate liberalisation.

Mr Maslyukov said the Kremlin had agreed to restore limited amounts of natural gas to Lithuania to supply a fertiliser plant. Prime

## Moderate elected Russian PM

By Leyla Boulton in Moscow

MR Ivan Silayev, a moderate reformer, became prime minister of Russia yesterday after defeating President Boris Yeltsin's candidate for the job.

The victory of the 60-year-old deputy premier over the Mikhail Bocharov, a radical entrepreneur, is a blow to Mr Yeltsin's hopes of quickly pushing through his own brand of economic reform - radical change without pain.

Mr Bocharov's programme - switching the Soviet Union's largest constituent republic to a market economy within 500 days - was clearly Mr Yeltsin's promised alternative to the Kremlin's unpopular economic reforms.

Despite the Russian president's enormous popular sup-

port, yesterday's election blow hardly comes as a surprise given Mr Yeltsin's weak position in the Russian parliament.

Mr Silayev, who wants a gradual transition to a market economy, was elected unopposed by the parliament after an inconclusive first round of voting.

In an illustration of his need to compromise, Mr Yeltsin backed Mr Silayev for the second round, saying there were many "positive" aspects to his economic programme. Mr Silayev in turn said he was open-minded and would prove to deputies that he was "not a conservative".

Despite their obvious will to co-operate, it is not clear what the partnership of the two men

will produce in the way of economic reforms. While Mr Yeltsin was elected with a promise to restore Russia's political and economic sovereignty, Mr Silayev said he wanted Russia to be "a factor of integration" of the Soviet Union.

This could augur a split between them on whether for instance the Russian Federation should try to sell off all-union factories on its territory, or charge market prices for Russian oil to other Soviet republics.

A key element of the Bocharov-Yeltsin economic programme was to sell off state property in order to finance economic reforms without hurting the ordinary Russian's standard of living.

## EC acts to fight terrorists and drug traffickers

By Kieran Cooke in Dublin

JUSTICE and interior ministers from the EC have agreed on measures to combat terrorism, drug trafficking and organised crime in Europe.

The ministers, meeting in Dublin, decided to set up a European Central Drugs Intelligence Unit to co-ordinate information and a special training unit for drug enforcement agents.

There are fears that with the gradual disappearance of internal borders within the EC, drug traffickers and terrorists will be more difficult to catch. Such fears have been heightened in recent months by IRA attacks on the continent.

Mr Wolfgang Schäuble, the West German Interior Minister, said that increased co-operation among police forces, particularly between the West Germans, Dutch and Belgians, had led to a number of IRA attacks in West Germany being prevented in recent weeks. "I am sure and convinced that the leeway for the IRA on the continent is getting smaller," said Mr Schäuble.

Mr David Waddington, the British Home Secretary, said he did not know of recent West German actions against the IRA. But he said it was clear that greater police co-operation was bringing results. Mr Waddington said the IRA continued to be "a major threat" to people throughout Europe.

In a separate development Justice Ministers signed the first community-wide convention to deal with people seeking asylum. Individual member states will now be responsible for examining asylum cases.

One effect of this, say the ministers, will be to end the phenomenon of "refugees in orbit" - with no one EC country taking responsibility for an asylum seeker.

But some groups, including Amnesty International, say the Convention will only result in a "Fortress Europe" with refugees finding it increasingly difficult to find a country of asylum within the EC.

## German governments agree on property rights

By David Marsh in Bonn

THE Bonn and East Berlin governments yesterday lifted a sizeable barrier to political and economic integration by reaching agreement on returning property and land in East Germany to dispossessed owners.

The breakthrough was announced by Mr Rudolf Seiters, the Bonn Chancellor's Minister responsible for unification negotiations. In particular, it means that the 3,65m East Germans (or their heirs) who fled after the foundation of the East German state in 1949 will have a right, in principle, to reclaim assets left behind.

Yesterday's agreement will not affect property and land taken into state hands during the period of Soviet occupation during 1945 to 1949.

The Bonn Government accepts that insistence on this question could damage relations with Moscow during the delicate pre-unity negotiations over the military status of a united Germany.

Doubts about East German property rights after political unification - now looking likely at the end of the year - have contributed to West German industrialists' reluctance to invest in the East.

## Anti-trust probe into US airline fares announced

By Roderick Oram in New York

THE US JUSTICE Department's anti-trust division confirmed yesterday that it was investigating the air fare pricing practices of US carriers.

Since deregulation of the industry in the late 1970s, airlines have moved to a "hub and spoke" route system which frequently leads to one carrier dominating an airport.

Several other government studies have already concluded that such concentration often leads to higher airfares compared with airports with more competition.

A Department of Transportation investigation published in February found that fares at the eight airports most dominated by a single carrier were 18.7 per cent above those at other airports. A report last year by the General Accounting Office, Congress's watchdog agency, found fares at 15 hubs were 27 per cent higher than those at 88 non-hub airports.

The Justice Department yesterday confirmed the anti-trust investigation, under way since last autumn, when it also confirmed it was studying arrangements USAir has at Pittsburgh airport.

## Cardinal in abortion threat to US politicians

By Alan Friedman in New York

CARDINAL John O'Connor, the controversial Catholic leader in New York, yesterday issued a strongly-worded threat to excommunicate Catholic politicians who support a woman's right to abortion.

His statement, the most uncompromising ever made on the abortion issue by any Catholic bishop or cardinal in the US, appeared in the weekly newspaper of the archdiocese of New York. It was taken by many as an implicit attack on Mr Mario Cuomo, the Catholic Governor of the state of New York, who favours a woman's right to choose.

Mr Cuomo reacted to Cardinal O'Connor's action by repeating yesterday his position. "I do not believe that the answer to abortion is to make a law that says a woman who does it is a murderer. Or that a doctor who participates in it is a felon. I don't believe you teach reverence for life that

way." The nationwide lobbying attempt to ban abortion was started by the "right-to-life" during the Reagan era and remains a highly contentious issue of US public policy.

Aside from Mr Cuomo, other Catholic politicians who are in conflict with any Catholic bishop or cardinal in the US, appeared in the weekly newspaper of the archdiocese of New York. It was taken by many as an implicit attack on Mr Mario Cuomo, the Catholic Governor of the state of New York, who favours a woman's right to choose.

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## White House chief to help put the Kremlin in order

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush is lending Mr John Sununu, the White House chief of staff, to President Mikhail Gorbachev to advise the Soviet leader on how to organise his office.

The lavitation to Mr Sununu, a combative conservative, to go to Moscow follows a visit to Washington this week by senior Soviet officials to learn how the White House operation works - the details of presidential scheduling, communications, co-ordination among federal agencies, staff organisation, and relations with Congress.

Mr Mikhail Shkabaridya, business manager of the Soviet Council of Ministers and like Mr Sununu an engineer by training, did not discuss policy or ideology. According to one White House official, "it was all process, process, process".

On his visit to Moscow, for which no date has been fixed, Mr Sununu will look at Soviet

ideas for the executive office of the president and offer advice. Before he became Mr Bush's chief of staff 18 months ago, he had executive experience as Governor of New Hampshire.

He will be able to tell them how to avoid having a switchboard jammed as the White House's was on Thursday after Mr James Baker, the Secretary of State, had given out its telephone number in a taunt to the new Israeli Government.

"Call us when you're ready to talk peace."

Instead of the usual 100 to 200 calls there were 6,000 to 8,000.

The White House is about to lose one of its leading Soviet experts. Mr Robert Blackwill, who has run the National Security Council's Soviet and European staff, is leaving at the end of July to rejoin the Kennedy School of Government at Harvard.

## US and Iran settle \$600m Amoco claim

By Karen Zagor in New York

THE US and Iran moved closer to reviving oil trading when Iran-US claims tribunal in the Hague awarded Amoco \$600m (\$355m) compensation for two plants seized during the Iranian revolution.

It is the first claim to be settled. Claims of \$1.2bn by other US oil groups remain outstanding.

It is thought that the settlement of the oil claims will remove a big obstacle to re-establishing trading ties between the two countries.

The Chicago-based company, the fifth biggest US oil group, said the award would be recognised in the company's second quarter earnings. However, the net gain would be offset largely by income taxes related to the award and by a special charge.

## Private line

The Italian cabinet yesterday agreed that some operations of the state railways could be opened up to private capital and endorsed the appointment of Mr Lorenzo Necchi as the railways' new administrator, writes John Wyles in Rome.

The 51-year-old former chemicals industry manager is expected to become president of the railways under plans to reduce political control and increase management freedom to take important operating decisions. It will also be able to establish some of its operations as subsidiary joint stock companies open to private capital.

## Borja faces setback

Ecuadorian President Rodrigo Borja, his popularity dwindling amid deepening economic crisis, faces the prospect of a big setback in congressional term elections tomorrow. Reuter reports from Quito.

Polis show Borja's Social Democratic party, Izquierda Democrática, rapidly losing ground at the expense of the right-wing Social Christian Party of former president Leon Febres Cordero. The opposition Socialists are also expected to make a strong showing.

## Japanese prices fall

Japan's cost of living is being held in check by the reluctance of big corporations to pass on rising production costs to consumers, economists say, Reuter reports from Tokyo.

The wholesale price index of one of two key measures of inflation, declined 0.3 per cent in May, its first month-on-month decline for six months, the Bank of Japan announced.

## Dark days between the wars recalled in Romania

The path to democracy in Bucharest will be the hardest in eastern Europe, reports Judy Dempsey

OLIVIA MANNING'S series of novels, The Balkan Trilogy, based in Bucharest during the 1930s, ring as true today as they did then. The novels paint a picture of political corruption and violence, which has disturbing parallels with the situation in the capital of the last few days, when marauding miners beat up protesting opponents of President Ion Iliescu and his ruling National Salvation Front.

Romania's road to democracy will certainly be the most difficult of all the east European countries, which are embarking on the painful transition from the one-party state to a multi-party system.

None of the emerging democracies in eastern Europe will be perfect, but the Romanian path to democracy may turn out to be more flawed than most.

They will all be defective because what is taking place in eastern Europe is not just the ending of communist rule but the resurrection of the practices of the interwar period - a period plagued by instability.

After the First World War, Soviet attempts to install communist governments, and the economic crisis of the late 1920s, played into the hands of the young, vulnerable democratic governments in eastern Europe.

These governments had many com-

mon features. They had all emerged from centuries of Hapsburg or Turkish domination. They ruled (with the exception of Czechoslovakia) over predominantly large peasant societies. They were authoritarian, nationalist, riddled with anti-Semitism, and often unwilling to establish genuine independent institutions in which democracy could prosper.

Indeed, it is difficult to find any one government which did not rig elections. More significantly, any attempts by the small but predominantly Jewish middle classes to temper these authoritarian/nationalist governments, failed with the growth of Nazism from fertile nationalist ground.

The destruction of the Jewish communities during the Second World War and the subsequent communist takeover of eastern Europe after 1945, robbed today's new governments of those small but crucial pockets of liberal values.

Thus, the political traditions which often inspired the newly-elected governments of Hungary, Croatia, Slovenia and Czechoslovakia and Poland reflect those of the interwar period. Romania is no exception.

But Romania's turbulent interwar experiences were also conditioned by centuries of misrule under Ottoman domination. That legacy was one of

unrelenting corruption in which successive Turkish administrations and the Phanariot Greeks, who helped administer parts of the country, built up a network of patronage, intrigue and nepotism.

Romania's intellectuals who belonged to the Old Kingdom or Regat, the southern part of Romania, did little to resist such corruption. Instead, the sons and daughters of the Romanian aristocracy, many of whom were educated in France, simply adopted "western" and "liberal" life styles once they returned. But they failed to set up corresponding political and social institutions. In short, form became a substitute for content.

Reforms (particularly agrarian) introduced by the Romanians after they gained their independence in the 1860s, were half-baked. The disenfranchised peasantry, for example, was just as exploited by its new Romanian masters as it was by the Turks.

In utter desperation, the peasants rebelled in 1907. That rebellion was ruthlessly crushed, a reminder that the Romanian authorities were prepared then, as now, to use force as a means of solving problems or dealing with opposition.

These same arbitrary methods continued throughout the 1920s. The

well-intentioned Liberal Party, which at first attempted to introduce land reform, resorted to rigged elections, a habit which the Peasant Party continued. Strikes were ruthlessly crushed and the Jews were unashamedly persecuted.

The 1930s were just as volatile. Power shifted between the king, the army and the fascist Iron Guard, who outlawed political parties. Any hopes of planting the seeds of independent political or social institutions free of corruption were crushed by intolerance and mobs, which were frequently pulled out onto the streets by successive governments.

The totalitarian regime of Gheorghe Gheorghe-Dej, followed by the Ceausescu, ensured the continuity of those unfortunate traditions. But these two communist leaderships went one stage further in making the construction of any post-communist system even more difficult. They destroyed the two ethnic communities which, today, might have helped to build the foundations of a democratic house.

The German and Jewish communities, together with the ethnic Hungarians, constituted the cream of the country's intellectual and economic elites. They were well-educated (in Lutheran or Catholic schools), hard-working, and generally free of the

compromising spirit of the Orthodox Church to which the majority of Romanians belong.

But because of Ceausescu's determination to "Romanianise" the population, coupled with his relentless repressive policies, most of the 700,000 ethnic German community chose to emigrate to West Germany. Today, fewer than 170,000 remain.

Members of the Jewish community, which before 1939 totalled 73,000, have mostly emigrated to Israel. The remaining 15,000 are today faced with rising anti-Semitism.

The only surviving minority group of any size is the 2m-strong ethnic Hungarian community. But the deep distrust by Romanians in the Regat of their fellow Romanian Hungarians in the northern (and more "European") region of Transylvania, suggests that the influence of the Hungarians on the country's future will be minimal.

The erosion of these cultures and potentially moderating influences has had the result that the ruling National Salvation Front and the opposition parties have become the repositories of Romania's weakest and most unseemly political traditions.

The mobs who this week patrolled the streets of Bucharest plainly indicate that the Front and its supporters are not yet prepared to jettison that nefarious inheritance.

Just in case

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Registered office: Number One, Southview Bridge, London SE1 9HT. Company incorporated under the laws of England and Wales. Chairman: R.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial Times (Europe) Ltd., Publishing director: Sir Geoffrey Owen. Editor: Sir Geoffrey Owen. Finance: SA Noel Reid. 1221 Park Lane, Suite 5910, New York City 10028. ISSN 1140-2753. Communication Partners Inc 678080.

Financial Times (Scandinavia) Denmark. Telephone (01) 12 44 41. Fax (01) 935533.



## INTERNATIONAL NEWS

## Japanese ready to allow banks into stock market

By Steven Wagstyl in Tokyo

THE Japanese securities industry has conceded defeat in its long-running battle to keep Japanese banks out of securities markets.

Instead, the broking companies will concentrate on trying to make sure the banks' entry into the securities field is as tightly controlled as possible.

Securities companies have been hinting for some time that they have been moderating their position, following signs that the Japanese Ministry of Finance was preparing to how to pressure for change from banks and institutional investors.

However, the clearest public indication of the change in attitude came yesterday with the publication of a report compiled by a sub-committee of the Securities and Exchange Council, a government advisory body on which the views of securities companies are strongly represented.

The report, "Restructuring Japan's Capital Market: Toward an International Market," proposes reforms to liberalise and internationalise Japan's capital markets and the protect investors.

It said banks could be allowed into the securities field through subsidiaries, which would be separated from the parent company by "fire walls" designed to stop information leaking from the bank to the securities subsidiary and vice versa.

Banks could be allowed to underwrite bonds and equities, sell newly-issued stock and to deal on their own accounts.

But, says the report, they should not be allowed into stockbroking on behalf of clients. This condition recognises the concerns of small and medium-sized broking companies which fear they will be swamped by competition from banks. The report falls short of making firm recommendations, saying that further study was essential, particularly of the safeguards needed to prevent banks' abusing their position and damaging the capital markets.

However, in a key passage, the report says liberalisation, internationalisation and securitisation are forcing change. There is "merit", it says, in allowing banks and in securities companies to engage in each other's fields in order to promote competition and new product development as well as harmonising Japan's rules with those of other countries. The authors say that if banks enter into the securities field then securities companies should also be allowed into banking - including foreign exchange, trust banking and lending business.

Officials of the Ministry of Finance said it would take at least two years before the law could be reformed.

## Shanghai mayor offers banks their old premises

By John Elliott in Hong Kong

MR Zhu Rongji, the reform-oriented mayor of Shanghai, yesterday offered to allow foreign banks back into their grand old office buildings on the Bund waterfront as a symbolic example of his dream of rebuilding the city into China's financial centre. The offices were vacated in 1949.

The Bund used to be the financial centre of Shanghai, and the buildings were designed for banking rather than the government offices that now occupy them. As far as I am concerned I would wish the government departments to move their offices away so as to have them prepared again for banking," explained Mr Zhu. He said he wanted to admit more foreign banks into the city.

But at a meeting with Hong Kong journalists, he added with a laugh that the government departments would want "badly needed compensation" to move. He avoided saying whether his own department would be willing to vacate the former premises of the Hongkong and Shanghai Bank.

Mr Zhu was speaking on the



The Bund, Shanghai. The former Hongkong and Shanghai Bank, now the City Hall, is on the left. The building of the right, with clock tower, is the former Stock Exchange.

last day of a week-long visit to Hong Kong designed to demonstrate that China's economic reforms are continuing, and to attract investment into Shanghai's new \$10bn special economic and industrial zone of Pudong.

He has however failed to persuade generally sceptical foreign bankers that his ideas can be quickly enforced, partly because of general opposition from the Bank of China. He admitted yesterday that the rate of approvals might be

slowed down because a "headache" had been created by too many banks applying to open up in Pudong.

The profits tax rate in Pudong is expected to be 15 per cent compared with a main rate of 50 per cent elsewhere. Bankers have this week told Mr Zhu that it is illogical to have two tax rates in a major business centre such as Shanghai, and they urged him to have the whole city designated a special low tax-rate banking zone.

At present foreign banks do a lot of their Shanghai business through special economic zones in southern China which have the 15 per cent rates.

Four banks have been allowed to stay in Shanghai since the 1949 communist takeover, handling only export business and foreign currency loans. In addition to the Hongkong Bank, they are the Standard Chartered, the Bank of East Asia, and the Singapore-based Overseas Chinese Bank.

## Gold price slide forces Anglo-American to axe 7,800 miners' jobs

By Philip Gawth in Johannesburg

SOUTH African mining group Anglo American said yesterday that cutbacks at its gold mines were likely to involve 7,800 job losses over the next nine months. The announcement confirms that a big retrenchment exercise is under way as the industry feels the squeeze of a falling gold price.

Earlier this week two other mining houses announced they would be losing 1,100 workers. Mr Lionel Hewitt, managing director of the gold and uranium division, said that at the current gold price and operating costs, certain mining areas were incapable of sustaining mining operations at their present levels and steps would be taken over the next nine months to curtail operations. Closure of shafts is not being considered at this stage.

All the retrenchments planned are at the Freegold South region. Freegold, the largest gold mine in the world, produced 108 tons of gold in 1989 - 19 per cent of South Africa's production and 7 per cent of the West's - and employs about 100,000 workers. According to Mr Hewitt, the cutback will see production reduced by less than 1 per cent. The details of

retrenchment will be discussed with union representatives.

Operations at Vaal Reefs No 6 and No 7 shafts will be curtailed together with underground operations at Afrikaner Leases, but this will not necessarily lead to job losses.

According to stockbrokers Ed Hern, Rudolph, Freegold's production costs in the quarter to the end of March were \$344 per ounce, not including capital expenditure. This compares with a closing gold price yesterday of \$347.50.

Value Added Tax is to be introduced in South Africa from October next year. The government plans to introduce the tax at a rate lower than the present 13 per cent level of General Sales Tax. The tax is aimed at addressing problems highlighted in the 1988 white paper, namely the need to improve equity and efficiency in the tax system, to make exports more competitive, and to broaden the tax base.

The government intends allowing as few exemptions as possible, offering direct assistance instead to the needy. The draft VAT bill draws heavily on recent experiences in New Zealand and Canada.

## Burma's army leaders seek to keep election victor from power

By Robin Pauley, Asia Editor

BURMA'S ruling dictatorship has made clear that even if it eventually hands over power it will strive to exclude from politics Ms Aung San Suu Kyi, the popular leader of the National League for Democracy which won a landslide victory in the recent elections.

The regime accuses Ms Aung Suu Kyi, the daughter of Burma's leading independence hero, of "foreign" links. She is married to Professor Michael Ais, an English don at Oxford University.

The attempt is unlikely to succeed. Ms Aung Suu Kyi is undoubtedly the most important and influential politician in Burma. Her party attracted more than 80 per cent of the vote in the elections. Neither her rural and urban supporters nor the students who demonstrated so forcefully and who were suppressed so brutally in 1988 are like to accept her removal from politics.

Although a number of foreign companies have rescued the military dictatorship during the last year by establishing ventures and joint ventures to inject much-needed foreign exchange, governments continue to withhold vital aid. Japan, the country's most important donor, has made plain that there is no question of resuming aid negotiations before a political settlement in accordance with the will of the Burmese people. The Japanese have made a special issue of Ms Aung Suu Kyi's plight, making clear she must be freed from house arrest and persecution before Tokyo could regard the situation as acceptable.

Burma's pro-government party, humiliated by the opposition landslide in the elections in which the army's plans for getting the "right" result appear to have gone seriously awry, has protested that the National League for Democracy won by fraud.

The complaint, lodged by the National Unity Party (NUP) with the Election Commission,



Aung San Suu Kyi: under house arrest

has added to growing doubts in Rangoon about whether the military government will accept the results and step down. It has said that it would not hand over power before a new constitution was in place, arguing that this could take up to two years. The opposition says it can be done in days.

Diplomats said it was unclear if the NUP complaint was sanctioned by the army. A text of the complaint, which detailed alleged election fraud in several constituencies by an unspecified "major party", has not been carried in the official media. But diplomats said the statement could only refer to the democracy league since it cornered an estimated 80 per cent of the seats.

Attention now focuses on July 20 when Aung San Suu Kyi's one-year house arrest order expires. The authorities must decide whether to renew it or allow it to expire. The army has stopped visits by her husband and two sons from England and if her detention order is extended a strong reaction on the streets of Rangoon cannot be ruled out. Soldiers have reinforced the armed guard around her Rangoon compounds and added sandbags to guard posts on both sides of the road.

## Kenyan bank to sell more stock to public

By Julian Ozanne in Nairobi

KENYA Commercial Bank, the country's largest high street bank, has announced it will sell more shares to the public through a rights issues following a successful partial privatisation two years ago.

Dr Benjamin Kipkorir, executive chairman of KCB, said the bank would restructure its shareholding to increase the public stake from 20 to 30 per cent and decrease government interest from 80 to 70 per cent.

Dr Kipkorir said the move would boost KCB's capital base and support its deposit level of Ksh15bn (\$357m) in the face of stiff competition from other two big commercial banks Barclays and Standard Chartered.

In 1988 KCB carried out its first public flotation, selling 7.5m shares, or 20 per cent of the total. The issue was oversubscribed more than three times. The price of the shares,

sold in 1988 at Ksh20, has risen more than 75 per cent on the Nairobi Stock Exchange.

Last year KCB announced record pre-tax profits of Ksh875m, an increase of 41.5 per cent over the previous year. The volume of deposits rose by 27.3 per cent while the value of assets increased by 25.8 per cent to Ksh15.4bn. Capital and reserves rose by 9.3 per cent to just more than Ksh1bn.

The government has recently embarked on a financial sector reform programme, backed by the World Bank. The programme will look at measures to stimulate the creation of a secondary market for financial instruments, liberalisation of interest rates and foreign exchange operations, reform of the stock market and restructuring of the banking system.



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## UK NEWS

# Brooke promises outline plans for Ulster talks

By Ralph Atkins

MR PETER BROOKE, the Northern Ireland Secretary, yesterday said he hoped to outline plans next month for starting round-table talks on the province's political future - in time for negotiations to start in the autumn.

His comments, after a meeting with MPs from the Social Democratic and Labour Party, underlined the progress Mr Brooke has made towards starting talks between the province's constitutional parties.

Mr Brooke said he hoped to make a statement to the Commons before MPs leave for the summer recess at the end of July. "I think people would get, perhaps, a bit discouraged if we weren't able to do that," he said.

Speculation yesterday centred on Mr Brooke outlining his plans during the Commons debate on the Government's emergency powers in the province, which expire on July 16.

He will be acutely aware of the need for careful timing. Unionists have already embarked on a big programme of marches in celebration of the 300th anniversary of the Battle of the Boyne on July 12.

Mr Brooke said that, if a statement was made before the recess, "I think we would be likely to move into fuller talks in the autumn after people have come back from their holidays." He said he was "astonished" at progress so far.

To date, details of conversations Mr Brooke has had with the SDLP, the Unionists, the Irish Government and others have been kept secret, but all sides have expressed satisfaction at what he has proposed.

Mr John Hume, SDLP leader,



Peter Brooke: "astonished" at progress already made

said after his meeting yesterday: "I remain extremely encouraged."

The deal is thought to involve some formula for ensuring that the Irish Government is involved in negotiations in such a way as not to annoy Unionists anxious about Dublin interference in the province's internal affairs.

The Irish Government has said it would have to be involved fully in any discussions about an alternative to the Anglo-Irish Agreement.

Mr Brooke appears to have matched those competing demands with a package covering three sets of relationships: between London and Dublin, between north and south Ireland and within Ireland. Neither a timetable or agenda for the talks have yet been detailed.

## Man is sent for trial over Ferranti share sale

By Raymond Hughes, Law Courts Correspondent

MR Christopher Roberts, a former director of Scrimgeour Vickers Asset Management, a Vickers subsidiary, has been sent for trial accused of making misleading statements over the sale of a 223m block of shares in Ferranti.

Bow Street magistrates in London yesterday committed Mr Roberts on bail for trial at Southwark Crown Court on two charges under section 47(1) of the Financial Services Act. The section covers the making, either knowingly or recklessly, of misleading, false or deceptive statements to influence investment decisions. The maximum penalty is a seven-year prison sentence or a fine, or both.

The charges say that on July 21 1989 at 24 St Swithin's Lane, London EC4, Mr Roberts stated that Smith New Court Securities would be in competition with two other bidders, one of whom was a rival market maker and one of whom was not in the securities industry.

The charge says that Mr Roberts knew the statement to be misleading, false or deceptive, for the purpose of inducing Smith New Court Securities to enter or offer to enter into an investment agreement to buy shares in Ferranti International Signal.

Mr Roberts is further charged with stating that two other bids had already been made for a quantity of shares in Ferranti International Signal at 75p and 81p a share, and that Smith New Court Securities plc's offer at 82p was "damned close".

The charge says Mr Roberts knew that statement to be misleading, false or deceptive, and was reckless as to whether it would induce Smith New Court Securities to enter or offer to enter into an investment agreement, namely an agreement to purchase the shares.

## Ulster board falls short of target on jobs

By Our Belfast Correspondent

THE INDUSTRIAL Development Board, Northern Ireland's main jobs agency, failed to reach its employment target last year in spite of record performance in attracting investment from outside the province.

The board's statement for 1989-90, released yesterday, shows that it promoted 5,131 new jobs, of which 1,977 came from new inward investment. A total of 114 projects, including 14 from outside the province, was won. Total investment was more than £440m, on which the board offered nearly £3m in assistance.

The board is reviewing its policies, and a strategy to be published in the autumn is expected to include changes in the criteria for companies seeking financial help.

Funds would be offered primarily to companies able to prove their international competitiveness rather than solely on the basis of promised jobs.

The IDB blames the failure to achieve its 6,000 jobs target on companies postponing or cancelling expansion plans because of high interest rates.

# Poll tax takes Lambeth to the limits

Jimmy Burns on how administration of the charge is frustrating one London council

SHARON, AN employee of Lambeth Council in south London, is taking a telephone call on the council's help-line. The caller is trying to explain the sense of frustration he feels over the poll tax.

Sharon is trying her best to explain that, if he does the necessary paperwork, he may not have to pay as much he thinks. The caller raises his voice and starts swearing at the Government, at the tax, at her. Sharon puts down the phone.

"We get quite a lot of abusive phone calls," she says, "a lot of the time people are confused, angry, they just don't know what's going on."

Abusive phone calls are only one of the obstacles facing Lambeth employees as they try to grapple with the administration of the poll tax or community charge.

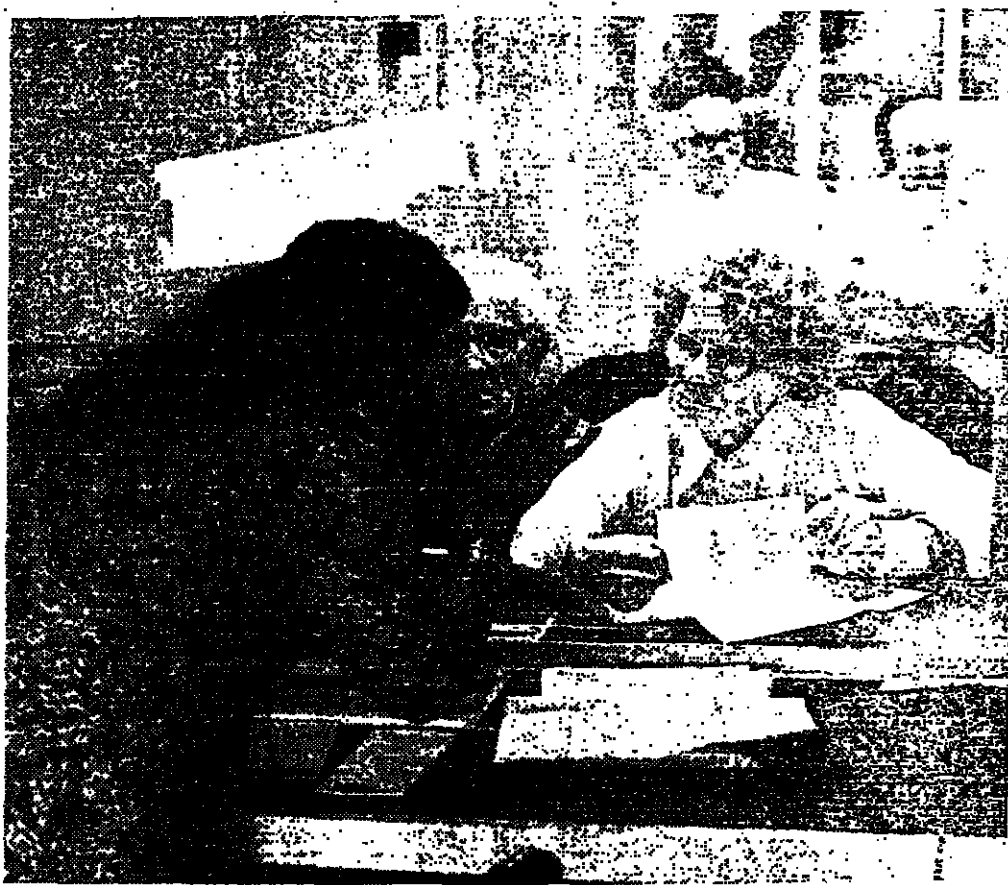
Lambeth was the last council in England and Wales to set its tax, at £547.89 a head one of the highest in the country. That had led to delays in sending out bills, in calculating entitlement to rebates, and in collection. Budgetary difficulties have ensued.

Now as one of the councils subject to capping by the Government, which has reduced the poll tax level to £496.89, Lambeth faces the prospect of its administrative tasks becoming even greater. The cost of rebilling is put at £650,000.

Mr Vincent Ellis, the council's assistant director of Finance (Income), conducts tax operations from a 10-floor modern brick building called International House, a few hundred yards from the town hall in Brixton. Next to his desk, there is a poster of Nelson and a map of the Battle of Trafalgar - a reminder of the stormy waters he is being forced to navigate.

"The poll tax has presented us with a massive task. We're trying to manage things in a calm, cool way but the problems are still enormous," says Mr Ellis.

He fears an administrative nightmare as a result of cap-



Poll tax question and answer at Lambeth: most people who attend the turn up at Lambeth's poll tax centre are "can't pay" or "won't pay."

ing. Lambeth's income division employs a staff of 350 spread across seven floors. The number compares with the 60 employed under the old rates system.

Extra staff - many working overtime - the adaptation and enlargement of the council's computer software and the sheer volume of paperwork involved has meant that costs of tax collection have increased from £4.5m under the rates system to an estimated £8.4m a year.

On the ground floor, council employees are trying to sort out what those queuing spill out into the street and

one normally associates with the Christmas mall. "Some where between chaos and very chaotic, although the staff are doing a marvellous job," is how Mr Jim Hunt, the council's head of security, describes the situation.

Mr Hunt is the council's first line of defence against over 400 poll-tax-related personal callers a day. Most are directed to the third floor, where behind glass screens, Mr Ellis's staff deal with more detailed inquiries and process forms. On most days of the week, this room is so crowded that those queuing spill out into the street and

round the block. As Maureen, another member of staff explains, the majority of the people who turn up are a mixture of "won't pay" and "can't pay."

By contrast, only a trickle of people make their way to the main cash desk which deals with full payment of the poll tax instalments.

"I had one man in here who, after reading the form I'd given him to fill in, just threw it in my face and walked out. I've just had to send another person home because he couldn't provide me with the necessary information with which to cal-

culate his entitlement to rebate," said Maureen.

According to Mr Ellis, the high proportion of people on low incomes in the borough has left his department with little option but to focus its stretched resources on dealing with applications for rebate, rather than on collection.

The council's difficulties are compounded by politics. Its local authority's Labour leadership has not only openly expressed its public opposition to the poll tax but is also reluctant to enforce collection - a view that earlier this week led to councillors being threatened with surcharge and disqualification by Lambeth's director of finance, Mr Peter Moxley.

The day after the threat was issued on Wednesday, Lambeth's leader, Mr Joan Twelves was unrepentant: "The poll tax is a cynical, unfair and unworkable, and I'm not changing my views on that."

Ms Twelves argues that she is being pragmatic as well as political. "I live on a housing estate and I am extremely conscious of people in Lambeth who just can't afford to pay. Taking them to court isn't going to bring in the money; getting them to apply for rebates will."

Faced with a calculation that there will be about 50 per cent of the local population not entitled to rebates, the council's financial advisers have taken a different view.

"The budget agreed was based on a poll-tax collection level at 90 per cent, which is only likely to be achieved if collection is enforced," was the clear message delivered to Ms Twelves by Mr Moxley last week.

At International House, the council's propaganda posters make no mention of collection. Instead the poll tax is caricatured as a dragon - a horrible and cross-eyed - and the rebate proclaimed as the one poll tax form that saves money.

## King's Cross development now in doubt

By Richard Tomkins, Transport Correspondent

THE FATE of London's 25th King's Cross redevelopment hangs in the balance this week after the Government's decision on Thursday to throw out proposals for a high-speed rail link with the Channel tunnel.

MPs examining the King's Cross Railways Bill in a Commons committee will meet on Monday afternoon to discuss whether it should be allowed to proceed to a second reading. The bill would allow the £12m development of a new low-level station at King's Cross, including a terminal for cross-Channel trains.

If MPs decide the rejection of

the high-speed link means the new station is not needed, the bill could be thrown out and British Rail's plans postponed indefinitely. That would delay the 135-acre commercial development because BR's sub-surface works have to be complete before construction starts on the site above.

BR says it needs the low-level station to expand commuter services and accommodate Channel tunnel expresses using the existing railway lines.

Plans for the high-speed railway yesterday appeared to be entering a long period of limbo as BR prepared to embark on a

fresh review of possible routes.

Promoters of the rival schemes that propose using Stratford in east London as a terminal or an entry point to King's Cross were waiting to hear whether BR wished to reconsider their plans, but BR played down speculation that they might emerge as front runners.

It said: "We believe they are no more viable than the scheme just rejected and that they are less appropriate from a business point of view."

● The North of England Regional Consortium yesterday claimed that rail services

would not even be "passable" in 1993 after the Government's refusal to fund the high-speed Channel rail link, Ian Hamilton Fawcett writes.

The consortium represents most local authorities in the north-west, the Yorkshire area and Humberside and northern economic regions. Mr John Gunnell, the Yorkshire Labour politician who acts as its spokesman, said: "The decision will further isolate the north of England from the benefits of the Channel tunnel. If northern industry and business cannot compete in the single European market, the whole of Britain will lose."

## Car and truck production figures continue falling

By Kevin Done, Motor Industry Correspondent

UK CAR production in May was 8.2 per cent lower than a year ago, according to provisional figures from the Central Statistical Office. The total was 104,497.

For the first five months, car output was 9.7 per cent lower, at 533,682.

Commercial vehicle output dropped by 18.6 per cent in the first five months to 122,086 from 149,916 in the corresponding period a year ago, but in May alone production was only

3 per cent lower at 27,809.

The UK motor industry depends extensively on the domestic market, and output has been severely affected by the fall in demand in UK new vehicle markets in the face of high interest rates and the general economic slowdown.

In addition, some Ford assembly plants, chiefly Halewood, Merseyside, and Southampton, were closed by industrial action for several weeks in the first quarter.

## Woolwich to set up Milan mortgage loan company

By David Barchard

WOOLWICH, THE third-largest UK building society, with assets of £15bn, is to follow Abbey National into the Italian market by opening a mortgage company in Milan.

Mr Donald Kirkham, chief executive, said that Italy had been chosen for the society's first European venture because it was the market with the best growth prospects.

Woolwich's Italian subsidiary will sell mortgages through two Italian insurance

companies, Bernese Assicurazioni and Bernese Vita, both subsidiaries of the Berner Group of Switzerland.

Woolwich has had a holding company offshoot for Continental operations since 1986, but it has only recently been activated. Abbey National was the first building society to open subsidiaries on the Continent, but it has since become a bank. Woolwich will be the only UK building society on the European mainland.

## Further 237 jobs to go at Coloroll

By Alice Rawsthorn

THE RECEIVERS for Coloroll, the home products group which went under last week, yesterday announced 237 job losses at three carpet factories in the West Country.

The news came only a few days after the announcement that 1,000 people would lose their jobs because of the closure of Coloroll's furniture factory at Dudley in the West Midlands and the rationalisation of its home furnishings business at Boston, Lincolnshire.

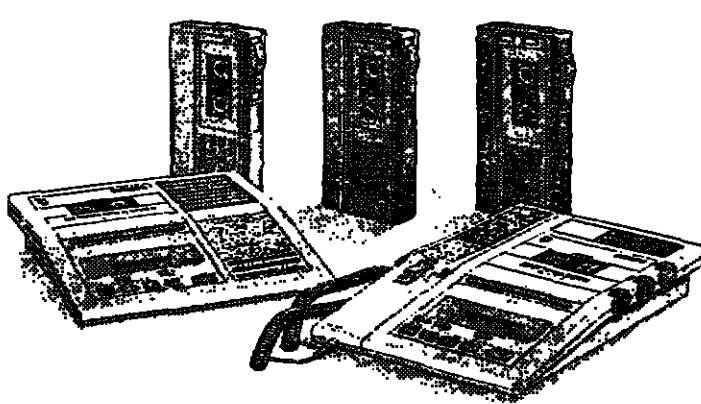
Ernst & Young, the accountancy group that was appointed Coloroll's receivers on Thursday last week, said it hoped to avoid further extensive rationalisation at the Coloroll companies although there might be a few more redundancies.

Yesterday's job losses affect the Coloroll Carpets carpet company, which is based at Kidderminster in Hereford and Worcester. The company, which originally employed 1,100 people, will continue trading in the hope that it can be sold as a going concern.

Ernst & Young has received more than 500 inquiries about the group's 11 divisions. Coloroll went into receivership last week with debts estimated at between £300m and £400m.

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## Quest for better index of inflation

Rachel Johnson looks at proposals for a revised measure of inflation

THE LATEST jump in Britain's retail prices index has intensified the search in the Treasury and among City economists for a new measure of inflation.

Yesterday's 9.7 per cent annual rise in the RPI for May was the highest for more than eight years and seriously at odds with the terms set by the Government for bringing sterling into the exchange-rate mechanism of the European Monetary System.

As headline inflation has crept closer to the 10.1 per cent inherited by the Government in 1979, the quest for a new measure has focused on finding a true underlying inflation rate that would exclude distortions.

The best-known of these distortions are mortgage interest payments and the community charge.

The Treasury has advocated a separate measure of inflation that excludes those two factors.

That approach has the advantage of being similar to the way the UK's European Community partners measure their inflation.

One hope has been that it might show the UK's inflation rate converging with the EC average and so meeting the

nity charge effects, UK inflation quickened to 7 per cent last month from 6.5 per cent in April.

If Mr John Major, the Chancellor of the Exchequer, decides to redefine the retail price index, he will find some sympathy among economists, particularly at James Capel, the stockbrokers, and at the Independent Institute for Fiscal Studies.

They argue that the RPI seldom measures underlying inflation accurately, because it can overstate the actual inflation rate as a result of its treatment of housing costs.

Wage settlements then become indexed to an inflated RPI - which causes a wage-price spiral threatening to leave the UK with "structural" inflation.

Both the IFS and James Capel have designed their own indices, which they claim give more honest measurements of inflation.

The IFS index differs from the official RPI mainly in its treatment of housing costs. It shows inflation falling much faster than the RPI in response to house price falls.

James Capel's also removes "administered" price rises, which are fixed by the Government.

The Treasury is moving cautiously in its quest for a new measure of inflation. It perceives the dangers inherent in backing a separate inflation measure simply because one component - be it housing or the poll tax - is rising quickly.

It also recognises that there is a threat to the Government's credibility if it tries to redefine underlying inflation.

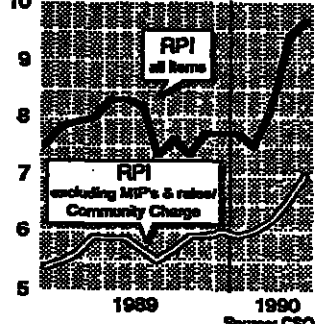
Moreover, to criticise the RPI - which is formulated with laborious care - would be an insult to its producers, the Department of Employment and the Central Statistical Office.

Nevertheless it has warmly welcomed the IFS proposal. James Capel's measure paints a blacker picture which gives the Treasury no hope that the Madrid conditions for ERM entry can be met this year.

It suggests that core inflation has been on a rising trend for more than two years.

Meanwhile, the cost pressures already in the system will push core inflation higher even when the headline rate begins to fall.

"Strict interpretation of Mr Major's inflation conditions for [ERM] entry implies holding off until early 1991," James Capel concludes.



most important of the Madrid conditions for making sterling a full EMS member.

Last month the Treasury produced the accompanying graph of the "underlying inflation" rate to illustrate the point that UK inflation appeared nearer to the European average, which it put close to 5 per cent.

Yesterday, the Treasury produced no such graph to support its point. Even the underlying inflation figures show the UK's rate diverging from the EC average.

After stripping out mortgage interest payments and commu-



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## UK NEWS

# Builders will face recession until 1992, Nedo says

By Andrew Taylor, Construction Correspondent

THE RECESSION in the British construction industry is likely to last longer than previously expected, according to a forecast published yesterday by the National Economic Development Office. It expects recovery to be delayed until 1992.

Nedo, which publishes national construction forecasts every six months, said the outlook had worsened since the end of last year. Having previously forecast a small recovery in 1991, it now expects the recession to last well into next year. It forecasts that total UK construction output will fall by 3.5 per cent this year and the same next year, and that recovery will be delayed until 1992, with only a 1 per cent rise in output.

The largest falls are expected in the private residential and commercial property markets, which have suffered because of rises in interest rates. Starts made on new homes by private builders, which last year fell from 216,000 to 188,000, are expected to fall to 185,000 this year, placing an even greater strain on house builders and building material suppliers.

Private housing starts are expected to recover to 150,000 next year and 160,000 in 1992.

Nedo said the worst effects of the downturn in the commercial property market would not be felt until next year. Numerous developments started before the market fell had still to be completed.

Commercial output would therefore decline by only 2 per cent this year but by 18 per cent next year and a further 5 per cent in 1992.

The privatisation of the water and power industries, which were poised to embark on investment programmes, would offset some of the predicted sharp downturn in factory and warehouse construction, it said.

Civil engineering, funded mainly by public-sector spending, was one of the few areas expected to show consistent growth. Public non-housing output was expected to grow by 3 per cent, 2 per cent and 1 per cent over the next three years.

## Three brickworks to close

By Andrew Taylor

REDLAND, one of Britain's biggest building materials manufacturers, is to close three brickworks in southern England with the loss of about 200 jobs. The move follows redundancies and kiln closures at other brick manufacturers.

About 80 per cent of bricks are used in house building, and the brick industry is suffering as a result of a large fall in house sales. Stocks of unsold bricks held by manufacturers in March rose to more than 1bn - the highest level since February 1982.

The Redland plant closures - at Nuthouse, West Sussex; Otterham, Cornwall; and Fluckley, Kent - will lead to a cut of about a third in the company's brick production.

Prices of standard housing bricks have fallen by about a quarter in the past 12 months.

# Lonrho can challenge Ridley over Fayeds

By Raymond Hughes, Law Courts Correspondent

MR "Ting" Rowland, head of Lonrho, the international conglomerate, has embarked on a new legal battle against the Fayed brothers in the long-running feud over Harrods, the Knightsbridge store.

Lonrho is to challenge in the High Court the Government's decision not to seek the disqualification of the Fayeds as company directors after publication of the report by Department of Trade and Industry inspectors into House of Fraser Holdings.

A High Court judge has given Lonrho leave to seek a judicial review of the decision of Mr Nicholas Ridley, the Secretary of State for Trade and Industry, not to apply for a disqualification order in respect of the Fayeds under Section 2 of the 1986 Company Directors Disqualification Act.

Mr Paul Spicer, a Lonrho director, said yesterday: "This is another important step in the direction of trying to put right what seems to many people in this country, and particularly ourselves as the injured party, what seems to have been a very bad stance by the Government." Lonrho contends that Mr Ridley's decision was wrong and that he had no sufficient reason for reaching it.

The decision was announced on March 7 when the DTI's report on the affairs of House of Fraser Holdings was published. One of the report's findings was that the Fayeds "dishonestly misrepresented their origins, their wealth, their business interests and their resources to the Secretary of State, the Office of Fair Trading, the press, the House of Fraser board and shareholders, and their own advisers."

A report of the House of Commons Trade and Industry Select Committee, published on May 22, concluded that "the question whether the Fayeds should be disqualified as directors should have been put to the courts to decide."

Under the judicial review procedure the court does not consider the merits of the decision challenged but only the way it was reached.

# Views on ERM gain ground, MPs told

By Ivor Owen, Parliamentary Correspondent

BRITAIN is making progress in persuading the European Commission to accept that economic and monetary union need not mean that European Community member states surrender control over their national budgets, Mr Peter Lilley, the Financial Secretary to the Treasury, told the Commons yesterday.

Speaking in a debate on economic and political developments in the EC, he said: "The argument is swinging in our direction." Mr Lilley also insisted that the inclusion of sterling in the exchange-rate mechanism of the European Monetary System would not automatically lead to acceptance of a single currency.

He did not respond to Labour demands for confirmation that the Government was about to drop its proposal that the EC should adopt a system of competing currencies, with all 12 member states retaining



Peter Lilley: "Argument swinging in our direction"

their traditional notes and coins.

Mr Chris Smith, a Labour frontbench Treasury spokesman, urged the Government to open discussions "immedi-

ately" on sterling's inclusion in the exchange-rate mechanism. Under pressure from Mr Peter Shore, a former Labour Cabinet minister, he made clear that Labour would want to know "the exact nature of the arrangements for agreeing to a common currency and a common monetary policy."

Mr Lilley contended that, given the preconditions laid down by Labour, it would be the next century before a Labour Government would be able to join the mechanism.

Mr Smith reaffirmed Labour's determination to secure entry at an appropriate level for sterling, coupled with assurances about the "swap" arrangements to be operated by central banks for protection against speculation and about regional policy. He said Mr Lilley was "out of step" with current thinking in the EC.

The minister maintained that Labour's commitment to

increased public expenditure and higher taxes together with the likelihood of increased borrowing and a premature reduction of interest rates meant it would be unable to meet the disciplines imposed by the exchange-rate mechanism.

He repeated that sterling would enter the exchange-rate mechanism when the conditions laid down by Mrs Margaret Thatcher, the Prime Minister, following last year's EC summit in Madrid, had been met. "We have stood by those conditions and we have not wavered."

Mr Smith feared that government "dithering" over sterling's inclusion in the exchange-rate mechanism would leave Britain on the sidelines as a deal for a "two-track" EC was concluded.

Then, he said, Britain would be in the second rather than the first league on economic development and growth.

# Ridley is in step with Cabinet, Leader of Lords says

LORD BELSTEAD, the Leader of the Lords, was yesterday forced to intervene during questions in the House, writes Ivor Owen.

He intervened to support assurances that Mr Nicholas Ridley, the Trade and Industry Secretary, was not out of step with his colleagues in the Cabinet over Britain's approach to economic and monetary union

in the European Community. Lord Williams of Elvel, deputy Labour leader in the Lords, repeatedly pressed for clarification of Mr Ridley's recent speech to the Bruges group, in which he called for greater freedom on economic policy for individual EC states.

When Lord Williams asked if the speech had been cleared by Mrs Margaret Thatcher, Lord

Trefgarne, Minister for Trade, replied: "The process by which Mr Ridley arrives at his own personal views are a matter for him."

Two former Labour Cabinet ministers, Lord Mulley and Lord Fiddles, insisted that the House was entitled to know how an expression of personal views by a Cabinet minister accorded with the doctrine of

collective responsibility. Lord Trefgarne replied that when ministers spoke personally it did not detract from effective collective responsibility.

Asked if, as a member of the Cabinet, he supported Lord Trefgarne's views on collective responsibility, Lord Belstead answered: "Yes, I most certainly do."

# Church official defends investment policy

By Alan Pike, Social Affairs Correspondent

PROPOSED LEGAL action aimed at strengthening the Church of England's ethical investment policy might be the reverse effect, Sir Douglas Lovelock, First Church Estates Commissioner, said yesterday. The Bishop of Oxford, the Rt Rev Richard Harries, is planning a High Court action against the Church Commissioners - the body responsible for the church's £3bn main assets - to try to force the commissioners to give greater consideration to ethical issues in managing a wide range of investments.

Supporters in the church have so far contributed £20,000 towards the estimated £25,000 needed to launch the action. Sir Douglas, presenting the

commissioners' annual report in London, said they were satisfied that their ethical investment policy did not conflict with their primary financial responsibilities to obtain the best possible return on investments. However, the outcome of a legal action was never certain and might lead to the policy being called into question.

The Archbishop of Canterbury, Dr Robert Runcie, who is chairman of the Church Commissioners, has written to the Bishop of Oxford warning him in similar terms of the potential dangers of going ahead with the legal action.

Sir Douglas said it "could not be right for one church body to take another to court."

He said the commissioners were willing to meet the bishop and explore the issue. The financial support for the ethical investment policy was considerable within the Church of England over the ethical-investment question. Later this month the Oxford diocese will consider transferring its £2m investments from the church's The Board of Finance to the Amity Fund of the Ecumenical Insurance Group, which has a strong ethical policy, because of concern about South African investments.

The Church Commissioners said in their report yesterday that they continued to take proper account of social, ethical and environmental issues. "Our practice is to follow up with senior management any

major criticisms of a particular company's activities through confidential correspondence and, where appropriate, direct discussions." The ultimate sanction was disinvestment, "but the paradox of doing so is that we then lose any opportunity to use our influence for good."

## NEWS IN BRIEF

# Saunders is ill, says trial judge

THERE was no sitting in the Guinness trial yesterday because Mr Ernest Saunders had trouble with his voice, writes Raymond Hughes, Law Courts Correspondent. The former Guinness chairman and chief executive has been giving evidence at Southwark Crown Court for seven days.

Yesterday Mr Justice Henry, the judge, told the jury that Mr Saunders was "not in great shape" and that arrangements were being made for him to be examined at Guy's Hospital.

"We hope he will be in a position to continue on Monday," the judge said. "Clearly in his time in the witness box he has to be in a state of health to give a proper account of himself."

Later Mr Saunders' son James said his father had been diagnosed as having a viral infection of the throat.

# Judgment reserved

THE Restrictive Practices Court in London has reserved judgment on an action by Sir Gordon Borrie, Director General of Fair Trading, against four ready-mixed concrete companies over price fixing and market-sharing agreements. No date was fixed for the judgment.

Hartigan Ready-mix, Pioneer Concrete (UK) and Ready Mixed Concrete (Thames Valley) have admitted putting themselves in contempt by disobeying a court order stopping them from entering into the agreements.

Smiths Concrete, its former area manager, Mr Peter Hayer, and Hayer's then area manager, Mr Anthony Hulet, all deny contempt. The agreements relate to part of Oxfordshire in 1983 and 1984.

# Cat disease

A THIRD case of a cat with a brain condition similar to "mad cow" disease was confirmed yesterday by Mr David Maclean, a junior Agriculture Minister. He said the ministry had examined 13 brain tissue samples from cats suspected of having a spongiform encephalopathy, the brain cell formation that produces nervous conditions in cattle and sheep. Three were confirmed.

## ARROWS

## PRO-CELEBRITY TENNIS TOURNAMENT

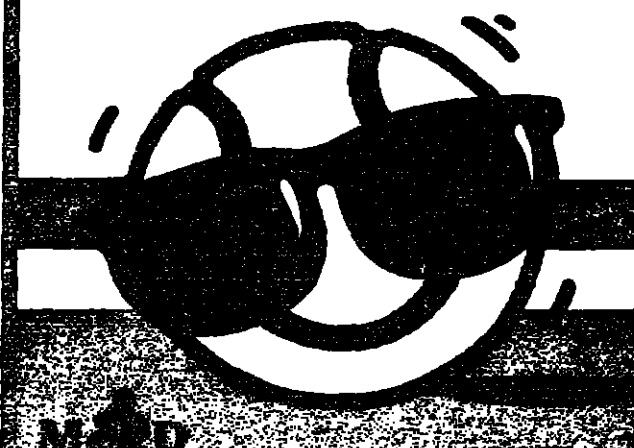
On 22nd June, the Royal Albert Hall will feature a different string section.

The place will echo with the sound of ball on racket.

Watch from the comfort of your own box as the stars thrash it out on the courts, in aid of Muscular Dystrophy.

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# Nalco to retain its discipline policy on strike breakers

By Michael Smith, Labour Correspondent

NALGO, the public service union, decided yesterday to retain its policy of allowing branches to discipline strike breakers in defiance of employment legislation.

However, the union's annual conference in Bournemouth passed a motion recognising the need for restraint in suspending or expelling members when the policy "ceases to be in the interests of the union."

The effect of the decision is that members of the 750,000-strong union may still face disciplinary action if they cross picket lines.

However, the executive would almost certainly stop branch moves to expel or suspend large numbers of members, as it did earlier this year following last summer's local government pay strikes.

That decision, taken in January, angered some left wing members, who argued that the union should not give up the right to discipline "scabs" to comply with Conservative legislation.

The legislation, introduced two years ago, allows union members to seek compensation of up to £14,000 through industrial tribunals if they are dis-

ciplined for working during strikes.

Nalco's decision last summer to carry on suspending and expelling members was a rare act of defiance of trade union law. It could have led to Nalco being forced to pay out several million pounds in compensation.

The executive's January decision to restore membership to hundreds of expelled or suspended members followed the only industrial tribunal case on the issue, in which a South Tyneside tribunal found that Nalco had acted unlawfully in expelling 11 members.

One motion tabled for the Bournemouth conference sought to censure the executive for its action. The executive, on the other hand, had originally wanted to change union rules to comply with the law.

In a compromise, both proposals were withdrawn. Instead conference backed a motion noting that continued principled opposition would destroy Nalco financially and "put money into the hands of scabs than any pay settlement."

However the conference decided that it would be wrong to "subject our rules to comply with Tory legislation."

# Long-term pay deals still popular option

By our Labour Correspondent

RECENT RISES in the inflation rate do not appear to have dampened employers' enthusiasm for long term pay deals which link future wage increases to movements in the retail prices index, according to a report.

Industrial Relations Services also found evidence of companies being prepared to renegotiate agreements because of the unexpected rise in inflation.

National Cash Registers, for example, originally agreed to lift wages by 6 per cent in March 1990 as the final part of a three-year deal at its Dundee manufacturing site, but later added a further 2.5 per cent. Most of the 30 long-term pay

deals examined by IRS lasted for two years, with those incorporating inflation-linking concentrated in the food, manufacturing, transport and communications industries.

Ford, the vehicle manufacturer, warned recently that its index linked pay settlement was likely to "assume alarming proportions" in the second year. The agreement allows for at least 8 per cent, but the actual figure will be considerably higher because the company is committed to paying out October's 1990 RPI figure plus 2.5 per cent.

**Pay And Benefits Bulletin**  
25, Industrial Relations Services,  
18-20, Highbury Place,  
London N5 1QP.

# Opening shots in the war of work

John Gapper and Lucy Kellaway on the EC's plans for part-timers

THE SHADOW boxing between the British Government and the European Commission over the Social Charter of workers' rights has ended. Battle was joined properly this week when the Commission gave the first details of what the charter will actually mean.

It chose an appropriate subject to have a fight with Britain. The rapid growth of part-time and temporary work over the past decade has accounted for most of Britain's large rise in jobs compared to other EC states. About 23 per cent of British employees now work part-time.

By drafting directives which would entitle employees working more than eight hours a week to benefits such as pension and sick pay, and rights to the same working conditions as full-timers, the Commission struck at the heart of its differences with the Government.

The core argument is over flexibility. The Government argues that the growth of these peripheral - or in Commission language "atypical" - jobs is a healthy sign. It shows that a deregulated labour market will create more jobs of the type that people want.

However, the Commission, while acknowledging firmly this week that such work contracts were necessary, is suspicious that they are used by employers to save on wage costs at the workers' expense. Payments such as national insurance contributions and sickness benefit can be avoided.

Britain's Government and employers would probably be forced into the biggest changes if the directives came into force. Most other states have fewer part-timers than those with higher proportions - the Netherlands and Denmark - also have more legal employment protection.

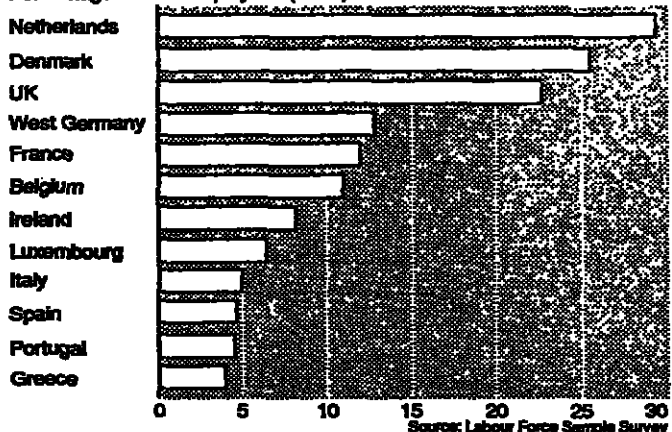
However, they would clearly affect some other states heavily. In West Germany, the thresholds of employees having to work 19 hours a week before they contribute to unemployment benefit, and 15 hours a week before they contribute to sickness benefit, would have to be altered.

If the three directives were adopted as proposed - which seems unlikely - they would give part-timers (those working for more than eight hours a week) and temporary staff a range of entitlements:

● All benefits given to full-time employees on a pro-rata basis. Benefits covered

## EC part-time workers

Percentage of total employees (1988)



Source: Labour Force Sample Survey

would include social security, contributory and non-contributory social schemes, occupational pensions, holidays, health benefits and maternity leave.

● The same rights to training as full-timers, as well as the same health and safety conditions.

● Atypical workers would be taken into account for the calculation of workers' representation on boards (this would not apply in Britain where there is no statutory system of employee consultation).

● Employers would need to consult workers' bodies before hiring part-time or temporary workers, and companies with more than 1,000 employees would have to report regularly to workers on the use of part-timers.

● Short term temporary contracts could not be extended beyond a maximum of three years.

● Employers hiring temporary workers would have to say in the contract why they were doing so.

However, the directives would also have some curious effects on the contributions made by part-time workers in Britain. Those working more than eight hours would have to start paying in to the range of employee benefits such as company pensions and sickness benefit schemes.

The eight-hour step would disrupt the working of national insurance considerably. At the moment, there is an earnings step at £43 a week which means that workers earning less do not have to make contributions. This would have to be replaced by a step at eight hours regardless of earnings.

In practice, the differences in working rights and conditions

between part- and full-timers have been shrinking in the past five years. The process has been driven by labour shortages and a growth in the number of part-timers in the service industries.

J Sainsbury, the supermarket group, has gradually been extending rights and benefits pro-rata to its 45,000 part-time staff. They were included in the pension scheme for the first time in 1986, and have now been brought within sick pay and staff discount schemes.

It has also widened its profit-sharing and savings-related share option schemes - but only to those working more than 16 hours a week.

Mr John Ainley, W H Smith's retail personnel and training manager, says that if the draft directives were enforced it would "clearly add to costs" because eligibility for such schemes would have to be extended to those working at least eight hours.

Similarly, Mr Robin Lees, chief executive of the British Hotels, Restaurants and Caterers' Association, says the increased expense of taking on part-timers would drive up wage costs or lead to job cuts.

The publication of the three directives is being greeted by ministers as a vindication of the Government's brisk opposition to the Social Charter. The strength of the directives - the two West German commissioners voted against them - indicates that the charter is meant to have teeth.

Furthermore, British ministers have been annoyed by the fact that the main directives was published under the article of the Treaty of Rome dealing with competition policy. The Commission argues that anomalies in social security costs are a distortion of the Single European Market.

If the argument is accepted, it will mean that the directives will be subject to majority - rather than unanimous - voting. This may prevent the Government blocking a series of measures that it regards as inimical to its reforms of the labour market. The battle is likely to be fierce.

If anything, it will get fiercer still from the end of this month, when the Commission is likely to adopt directives on working hours which could have even greater effect. The Commission is considering preventing night shifts of longer than eight hours and day shifts of more than 12 hours.

John Gapper and Lucy Kellaway



## BIRTHDAY HONOURS

## Business and industry are featured in Birthday Honours List

Bob Reid  
Knight

THE QUEEN'S Birthday Honours List is announced today. An edited version follows.

## LIFE PEERS

## Baronesses

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

## Barons

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

## PRIVY COUNSELLORS

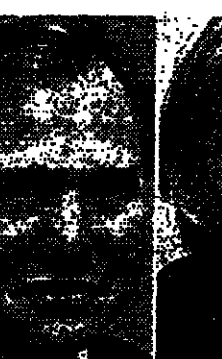
Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

## KNIGHTS

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Dame Lydia Dunn  
Baroness

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Anthony Bamford  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Earl of Caithness  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Derek Birkin  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Antony Pilkington  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Allen Sheppard  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Brian Wolfson  
Knight

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

Barbara Castle  
Baroness

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.



Sir Robert Haslam, chairman of British Coal

Baroness (Lady) Castle, Member of the European Parliament.  
Baroness (Lady) Durrant, President of the Royal Society.

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## ECONOMIC DIARY

TODAY: Baltic Assembly meets in Riga. Democratic platform of the Soviet Communist Party holds congress in Moscow. European Community and East European environment ministers meet in Dublin to discuss clean up in Eastern Europe. Second day of summit meeting of six Central American presidents in Antigua. US conference of mayors annual meeting in Chicago (until June 20).

TOMORROW: National elections in Ecuador. Second round of Bulgarian elections. MONDAY: Index of output of the production industries (April). Public sector borrowing requirement (May). European Community general affairs council meets in Luxembourg. European Community transport council holds meeting in Luxembourg. Informal meeting of European Community agriculture council ministers at Dromoland Castle. BAA preliminary results.

TUESDAY: Ukrainian and Russian Communist Party congresses in Kiev. Franco-African summit in La Baule (until June 22). US housing starts (May). Milk Marketing Board publishes annual report.

WEDNESDAY: London and Scottish banks monthly statement (May). Provisional estimates of monetary aggregates (May). New construction orders (April-provisional). European Community internal market council meets in Luxembourg. Sixth International AIDS conference in San Francisco (until June 24).

THURSDAY: US gross national product (first revision-first quarter); corporate profits (first revision-first quarter) and monthly budget statement. Bundestag due to vote on ratification of economic union treaty with East Germany. Hungarian stock exchange begins operations.

FRIDAY: Building societies notify figures (May). Gross domestic product (first quarter-provisional). Balance of payments current account and overseas trade figures (May). I. durable goods (May). Bundesrat scheduled to vote on ratifying economic union treaty. Four war-time allies meet in East Berlin to discuss security status of united Germany.

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries												
EQUITY GROUPS		Friday June 15 1990					Highs and Lows Index					
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## FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
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Saturday June 16 1990

## Threats to the markets

THE financial markets on both sides of the Atlantic are in a much better mood than a month or so ago. On Wall Street there is no longer talk of the need for 9 per cent plus yields to persuade foreign investors to buy US Government bonds. The latest trade figures suggest that the chronic US trade imbalance is on the mend, and it seems to be only a question of time before US interest rates are allowed to fall.

In London, the transformation in sentiment has been even more marked these past few weeks. The Bank of England has had to step in to prevent UK interest rates falling, the pound no longer looks a weak currency, and the gilt-edged market has enjoyed one of its most powerful rallies for a long time. In the short term it is an environment where equities can flourish.

The global financial problems posed by German unification and eastern Europe have been overtaken for the moment by more mundane domestic economic concerns. US retail sales have fallen for the third month in a row, but exports are doing well and inflation is no longer accelerating. There is not enough evidence yet to persuade the Federal Reserve to ease, but nor does it point to a recession. In the UK, the sharp rise in the underlying growth of inflation is clearly disappointing. It is now more than twice the rate in West Germany, and shows that far from converging with rates in the rest of Europe - which has been a precondition for early entry into the exchange rate mechanism - the gap is widening. Nevertheless, the prospects for inflation look better if the recent strength in sterling can be sustained.

## Economic engines

The UK's economic problems are more serious than most. But at least they are occurring at a time when the growth of the world economy is proving more robust than many dared hope. The surprising buoyancy of European car sales in May is another reminder that the economic engines of continental Europe and Japan should continue to offset any sluggishness in the US. And even if no one believes that the economic cycle has been abated, the recent weakness in the price of gold and oil both good proxies for inflation - suggest that the prospects for non-inflationary growth have improved over the past year. All that is needed, argue the bulls, is for central bankers to continue their fine tuning and the world economy can tick over quite happily.

They may be right. And even

if they are not, the UK equity market has already discounted a lot of bad news. Share prices are still not back to where they were in the summer of 1987, even though corporate profits and dividends have risen by some two thirds in the interim. Admittedly, the valuations on Wall Street are more demanding. Corporate earnings have been falling for the last three quarters, and Morgan Stanley, the US investment bank, argues that in real terms US corporate profits have gone nowhere for the last six years. But Wall Street is being driven by the promise of lower bond yields and a recovery in corporate earnings, which should show through soon.

## Stubborn problem

Nevertheless, any suggestion that the risks for the world economy, and for the financial markets, have lessened over the past few months will be removed by a reading of this week's annual report from the Bank for International Settlements, the central bankers' bank. The BIS sees inflation as a far more stubborn problem for many countries. Further, this year's weakness of the yen and strength of the dollar have underlined the way exchange rate movements are preventing a correction of serious trade imbalances, which in turn threaten the growth potential of the world economy.

The BIS's greatest worries centre on the growing fragility of the financial markets. It is perturbed by the rapid growth of new financial products and practices at a time when the corporate and personal sectors are highly geared by historical standards. These products have flourished in favourable economic conditions, but there is no way of telling how they will fare in a harsher climate. The financial sector has become vulnerable to a slowdown in economic activity and higher interest rates. Signs of stress in areas such as property lending and the US junk bond market have added to the uneasiness. Were the difficulties in the financial sector to become more widespread or more acute, they could have serious consequences for economic performance.

Even allowing for central bank caution, it is a blunt warning. Although considerable comfort can be taken from the way the financial markets have coped with recent volatility in exchange rates and share prices, there has to be a worry that future violent movements may not be as well contained if they took place in a more hostile economic climate than prevails today.

## David White on a UK defence review that could lead to radical restructuring

What country keeps more than a third of its army in another country? There are two possible answers. The more obscure one is Belgium. The other is the UK.

Encamped in 13 garrison towns, the British Army of the Rhine is a force of 55,000 wondering about its future. It is part of a total contingent of about 70,000 British service personnel in Germany, including Berlin, with more than 100,000 dependents and civilian employees.

None of Britain's allies has such a high proportion of its troops in West Germany, except for the Belgians, and they are already running down their forces there. Nobody has Britain's long-term treaty commitment.

Although long taken for granted, it has become more and more of an anomaly. As total Army strength has shrunk (by more than a quarter in the past 25 years to below 163,000 today) the proportion assigned to the BAOR has increased.

For the Army, the European role provided an alternative foreign peace-time base after the end of empire in India, which in the course of 200 years became a spiritual home and moulded many of its regimental traditions.

The treaty protocol that Sir Anthony Eden signed as Foreign Secretary in 1954 pledged the UK to maintaining its forces in Germany except by consent of the rest of the Western European Union. It runs to 2005. But by then Britain can be expected to have nothing like the same forces in place, if indeed any.

British forces in Germany derive their present structure from the allied advances of the Second World War. Their section covers 40 miles of inner German border, on the north German plain east of Hanover. The BAOR's main fighting formation, 1st (British) Corps is made up of three armoured divisions comprising eight armoured brigades. These would be reinforced in a crisis by a UK-based infantry division and an extra infantry brigade.

The re-think now under way in Nato and in the British Government might reduce that eventually to the strength of one division - "the very minimum that makes any sense at all," senior officers say. As part of a new joint allied force structure, the BAOR's main fighting formation, 1st (British) Corps is made up of three armoured divisions comprising eight armoured brigades. These would be reinforced in a crisis by a UK-based infantry division and an extra infantry brigade.

Soldiers going to Germany are aware of the increasing unpopularity of manoeuvres there. The British, notorious for doing more damage, have argued strongly with the Germans for the need to keep up training, but it is a losing battle. The scope is likely to be ever more restricted. Two of this year's main autumn exercises have been sharply scaled back.

Germany is becoming less and less attractive as a posting. It still provides duty-free perks and tax-free cars but there are complaints about allowances and job opportunities for wives. "People begin to feel that if the threat isn't there, and therefore you are not seen to be doing an important job, you might as well be in England," a senior officer said.

The BAOR is the centrepiece of the armed forces restructuring under discussion in the Ministry of Defence. Mr Tom King, the Defence Secretary, is expected to provide the Cabinet with an interim report on the Options for Change review by the end of July.

Provocatively radical ideas circulated inside the Government last year by Mr Alan Clark, his number two for procurement, were partially leaked in

## Armed forces in the firing line



Fighting for their future: Sandhurst cadets at the Sovereign's Parade

May, causing what other top MoD figures describe as a "diversion."

The debate rehearses an old polemic about continental versus maritime commitments. Being on the central front cost Britain \$4.35bn in the last financial year. \$3.2bn for the BAOR alone, \$600m more than all naval operations. Of the total, £1.37bn was spent in D-Marks.

The last defence review in 1981 proposed sacrificing the Navy for the central front. It never happened because of the Falklands, which gave the Navy its largest operation since the Second World War. Subsequently, however, the MoD's planners argued that defence could not be built around "one-offs" like the Falklands. The main determinant had to remain the Soviet threat and the UK's part in Nato's military structure.

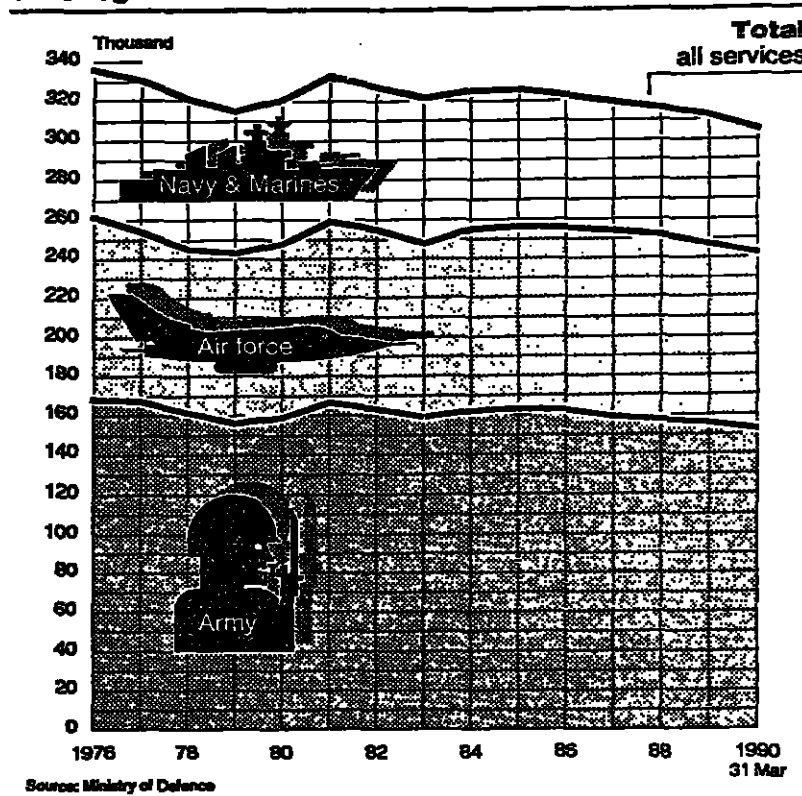
Now all the assumptions about the threat have gone out of the window. The planners are still gathering their wits. The risk of total war is remote, and anyway, once conventional arms control is in place and Soviet forces have pulled back, senior British commanders recognise they would have months of warning to prepare against all-out attack.

Speculation and rumour about future cuts are running ahead of the studies, eating away at morale, particularly in the Army. Captains and majors, corporals and sergeants, people with full Army careers ahead of them, want to know what is going on. More and more are leaving. The Army is now 5,200 short of its target of 138,000 trained personnel. A package of measures to improve retention is due next January. Overall, the services are losing annually 6,000 more people than they recruit.

The armed forces' whole structure, size and organisation are being reassessed. If the risk in Europe no longer comes from a hostile bloc but from a hostile bloc, the theoretical danger of resurgent Russian military ambitions, how is it to be countered? What emphasis should be given to that, or to more immediately likely emergencies, such as flare-ups in remote places or civil violence at home? How much should Britain plan to fulfil these tasks itself, and how much should it count on allies?

Everything points to more fluid defences, with a longer reach. The reasons for Nato's various

## UK's regular armed forces



Source: Ministry of Defence

armoured corps in a north-to-south "layer cake" across its central region have vanished. The difficulty is finding a suitable level for this transitional stage in European security. Later, it will be easier to make more cuts than to build up again.

The Navy is fighting its corner, anxious to show itself performing a world role (the Gulf, drugs patrols in the Caribbean, evacuation support off Liberia), insisting that Britain has an essential role in anti-submarine warfare and arguing that manning is already tight. But nobody believes it will escape the cuts. It is hard for the Navy to make firm arguments on the numbers of ships required, and the admirals are actually less concerned about overall numbers than the proponents of modern ships.

The Royal Air Force also stands to be hit as the role of RAF Germany, part of the 2nd Allied Tactical Air Force, is under scrutiny. The RAF

argues it could take all the aircraft from its German squadrons in the UK, but realises it would not be allowed to do so. And it has nowhere to house RAF Germany's 12,000 personnel.

The Army has the same predicament. "You don't save money by moving people back from Germany to the UK," Field Marshal Lord Bramall, a former Chief of Defence Staff, told a recent hearing of the Commons Defence Committee. Unless the Army got rid of people, it would involve large capital outlays to accommodate them. As one officer said: "For the past 10 years we have been divesting the defence estate as fast as we can to property developers."

There is also increasing pressure from environmentalists against the expansion of military training areas in the UK.

Experts believe that the Army, already smaller than the West German, French, Italian or Spanish

armies, which all rely on conscription, could be cut by a third over the next four or five years.

The Army has come late to thinking about big changes. For the first half of last year it was busy drawing up plans for recruitment and retention to keep numbers up in the demographic trough of the 1990s. Nato proposals for cutting heavy army weapons in the Vienna CFE arms talks were tabled more than a year ago. But the Army reckoned it could easily absorb the 10-15 per cent equipment reductions proposed for the Nato side, with minimal effect on front-line units. If it had to lose 150 tanks, they could be taken out of war maintenance stocks, or tank squadrons could have fewer squadrons. The reduction would at most amount to an armoured brigade of 5,000-7,000.

But that was not accounting for political expectations and pressures from the Treasury and other government departments vying for funds. Senior officers say the BAOR is likely to lose at least the equivalent of a division - 15,000-20,000 men - as a result of a CFE agreement. It has not yet been decided which units would go. Criteria will include how up-to-date a unit's equipment is, where it is located, how close it is to training areas, and even what its barracks are like.

"There's no point giving away the Ritz to retain the Travelodge," a commanding officer said.

Two or three brigade headquarters might go, possibly a divisional HQ. Five or six of the BAOR's 12 armoured regiments might be directly affected. They would not all be required in the UK. Some might "re-role" as armoured reconnaissance regiments with lighter vehicles. But some will be redundant. As the jargon goes, they will have "no place in the regular order of battle." And officers see little point transforming them into Territorial Army regiments when the TA cannot meet its current recruitment target of 96,000.

Reductions would not stop at the cavalry units of the Royal Armoured Corps. The infantry could easily lose 10 of its 55 regular battalions. Commitments in Northern Ireland and expected future commitments in Germany would require about 30 of those battalions. Overseas, there are battalions in Cyprus, Belize and the Falklands, but the Army is set to leave Gibraltar and the Gurkhas (five infantry battalions, including one on hire in Brunei) will leave their Hong Kong base in 1997. Last year Britain promised to keep a reduced Gurkha brigade, but that is being reconsidered.

Holding to its cherished regimental system, the Army faces the trauma of a new phase of units being amalgamated or disbanded. There will be a fight to keep "cap badges. Some bigger regiments - such as the Royal Green Jackets, the Royal Anglians or The Queen's Regiment, with three battalions each - could be rationalised by cutting a battalion. Most battalions are below their 650-man strength anyway.

Units are now trying hard to build up to full strength to avoid the axe. The 3rd Battalion The Queen's Regiment has started offering £100 and a month's leave to anyone who brings a new recruit.

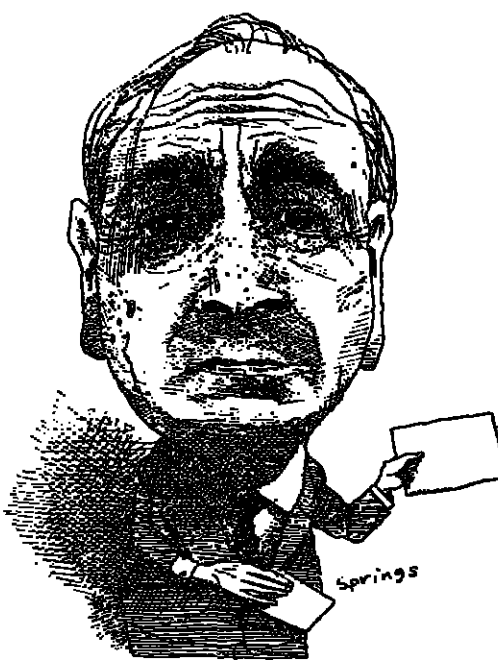
Small single-battalion regiments (such as the Royal Hampshire Regiment, The King's Own Border Regiment, or the Staffordshire Regiment) often command strong local attachments, but a number are in danger of disappearing.

"There will be all hell to pay," one senior officer said, recalling the outcry 20 years ago over proposals to disband the Argyll and Sutherland Highlanders (regimental nickname: The Thin Red Line). "Nobody," the officer said, "would want to go down in history for chopping them."

## MAN IN THE NEWS

Lord Young  
Clever outsider with a lordly new role

By John Plender



ket as a genuine pioneer - one of the first to specialise in building industrial estates near exits to motorways. The business also developed offices and shopping centres. At its peak it employed about 2,000 and Young became a paper millionaire when the company was sold to Barry East's Town & City Properties in the early 1970s.

The decision to take Town & City shares was a grave mistake. Young's fortune was completely wiped out in 1974 when the company's break-neck expansion ended in near-collapse. It was left to Jeffrey Sterling, by then chairman of Sterling Guarantee Trust, whom Young had introduced to a number of joint ventures with Town & City, to rescue the company. He did so, with support from Barclays and the Prudential, in order to protect his company's investment.

Young's political career might never have happened if he had been more resolute at this point in following his instincts. Having lost a fortune

and become depressed with the political climate after the miners' strike and Michael Foot's trade union legislation, he decided to go to the United States with a view to emigrating. On his first morning there - he disarmingly admits to having stayed at the Ritz-Carlton in Boston, which is a novel approach to emigration - he woke to the sound of police sirens and the smell of tear gas, in one of the first school bus riots. His wife told him he would be crazy to stay.

So he returned only a day later to Britain and subsequently restored his fortunes through a joint property lending venture with the London arm of the US commercial bank Manufacturers Hanover and a housebuilding business called Greenwood.

Former business colleagues respect Young's energy, ability, openness and sense of fun, while suspecting that his marketing initiatives at the Department of Trade - "the department for enterprise" - were more form than substance.

Most were astonished by his effortless rise in politics. The entrée was provided by Sir Keith Joseph, the intellectual draftsman of the Thatcherite programme and, incidentally, a director of Cable & Wireless since 1986. There followed jobs as the director of the Centre for Policy Studies, Joseph's Thatcherite think tank, the chairmanship of the Manpower Services Commission, ennoblement and ministerial office.

Young's is a classic case of a reputation that differs enormously inside Westminster from without. He undoubtedly made mistakes at the DTL, an acknowledged graveyard of ministerial reputations. But to the non-parliamentarian, his performance over House of Commons was less inept than that of the hapless Nicholas Ridley, whose failure to take action against the Fayed brothers is now to be subjected to a judicial review at the instigation of Lordna.

Young's initially uncharitable attitude to the tax-avoiding investors in Barlow Clowes

Gibraltar operations showed a certain respect for the taxpayer's interests. His early support for the Monopolies Commission, calling for the big brewers to divest many pubs looked an impeccably bold Thatcherite tilt at established interests. And the Rover sale might not have been so differently handled by any other minister, given the political constraints on a sale to such interested foreign contenders as Ford Motor Company.

But Young was never a member of the Commons club, which is an unforgivable sin to many on the Tory backbenches. He is both clever, Jewish and an entrepreneur, none of these attributes being any great recommendation in certain Tory circles. He owes his position solely to the Prime Minister's patronage. And he has alienated powerful Conservatives, not least Norman Tebbit during the 1987 election campaign.

Young admitted yesterday that he was upset by recent criticisms - above all by what he called "shameless hypocrisy" from fellow Tories over the Rover sale. He himself attributes his problems to the remoteness of a cabinet minister who has by-passed the Commons on the way to the Lords. He cannot use the House of Commons bar and is denied access to parts of the Commons where even lobby journalists are permitted. But he also relishes the prospect of returning to full-time business (and a continuing but reduced role at US investment bankers Salomon Brothers). Relations with Mrs Thatcher are said to remain good.

His previous close contacts with the Chinese and Japanese leadership should be of some considerable help to Cable & Wireless. So, too, will experience managing a large government department. How readily his entrepreneurial, deal-making instincts will fit into the big company ethos at C & W remains to be seen. But his colleagues are guaranteed a lively time.

## RAISED IN THE HIGHLANDS.



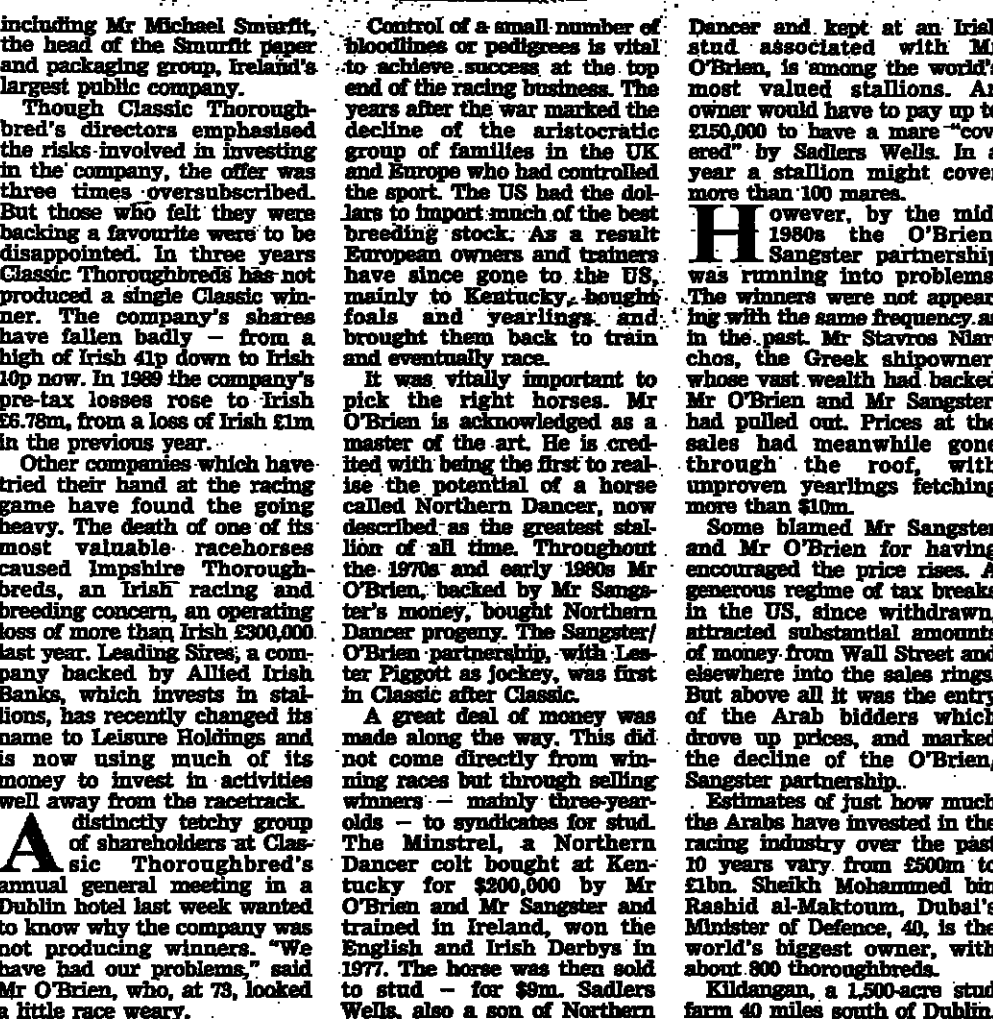
THE  
FAMOUS GROUSE  
FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

John Plender



## Single-minded Arab owners are raising the stakes in the sport of kings, says Kieran Cooke



Of the first three horses to pass the post in the Epsom Derby earlier this month, two were Arab-owned, with Prince Khalid winning both the blue riband of English racing and the Preakness Stakes, the Prix du Jockey Club, in one week. Hamdan al-Maktoum, one of four Maktoum brothers, owns Nashwan, the winner of last year's Epsom Derby. He also had the winner of last Saturday's Oaks Stakes. The odds are that Arab-owned horses will once again be in the winner's enclosure at next week's Royal Ascot meeting.

It is almost impossible to compete with this new force in racing. Nothing illustrates the truth of this more than the fortunes of an Irish company, the Classic Thoroughbreds. The company was introduced to the Dublin stockmarket in 1987. Its aim was to utilise public funds to invest in one-year-old horses or yearlings which would be sold to the public to compete in particular in the Classics, the top thoroughbred races in Ireland, England and France.

The chairman of Classic Thoroughbreds is Mr Vincent O'Brien, the legendary Irish trainer who has won the Triple Crown have produced winners in six Epsom Derbys and in numerous other Classics. Mr Robert Sangster, the Liverpool pools multi-millionaire and long-time horse owner who has had a long partnership with Mr O'Brien, is also a partner, along with several other well known wealthy Irish businessmen.

including Mr Michael Smurfit, the head of the Smurfit paper and packaging group, Ireland's largest public company.

Though Classic Thoroughbred's directors emphasised the risks involved in investing in the company, the effect was that three of the four shareholders but those who felt they were backing a favourite were to be disappointed. In three years Classic Thoroughbreds has not produced a single Classic racehorse, the company's sales have fallen steadily from a high of Irish tip down to Irish £6.78m now. In 1989 the company's pre-tax losses rose to Irish £26.78m, from a loss of Irish £1m in the previous year.

Other companies which have taken Irish racing as their game have found the going heavy. The death of one of its most valuable racehorses caused Impshire Thoroughbreds, an Irish racing and breeding concern, an operating loss of more than Irish £300,000 last year.

Another company, Leisure Holdings, which is now using much of its money to invest in activities well away from the racing industry, has recently changed its name to Leisure Holdings and is now using much of its money to invest in activities well away from the racing industry.

A large group of shareholders at Classic Thoroughbred's annual general meeting in a Dublin hotel last week wanted to know why the company was not producing winners. "We are not producing winners," said Mr O'Brien, who, at 73, looked a little race weary.

Contrary to small number of bloodlines or pedigrees is vital to achieve success at the top end of the racing business. The years after the war marked the decline of the aristocratic ownership of families in the UK and Europe who had controlled the industry. The US stepped in to help to import much of the best breeding stock. As a result European owners and trainers have since gone to the US, mainly to Kentucky, bought the best stallions and mares, brought them back to train and eventually race.

It was vitally important to check the right horses. Mr 'Brien is acknowledged as a master of the art. He is credited with being the first to realise that a horse was a horse wherever he was bred. He described Northern Dancers as the greatest stallion of all time. Throughout the 1970s and early 1980s Mr 'Brien, backed by Mr Sangster's money, bought Northern Dancers progeny. The Sangsters/Pligots were the only family to buy Pligot as jockey, was first a Classic after Classic.

A great deal of money was made along the way. This did not come directly from winning races but through selling the horses mainly to breeding farmers. The main stud was the Minstrel, a Northern Dancer colt bought at Kentucky for \$300,000 by Mr 'Brien and Mr Sangster and trained in Ireland, won the English and Irish Derbys in 1976 and was the top stud - for \$8m. Sadlers Wells, also a son of Northern

dancer and kept at an Irish dancing association with Mr. O'Brien, is among the world's most valued stallions. An owner would have to pay to £150,000 to have a mare "covered" by Sadlers Wells. In one year a stallion might cover more than 100 mares.

**H**owever, by the mid-1980s the O'Brien-Sangster partnership was running into problems. The winners were not appearing with the same frequency as in the 1970s. The O'Briens, who, like the Kildanganos, whose vast wealth had backed Mr. O'Brien and Mr. Sangster, had pulled out. Prices at the sales had meanwhile gone through the roof, with top yearlings fetching more than £1m.

Some blamed Mr. Sangster and Mr. O'Brien for having encouraged the price rises. A generous regime of tax breaks in the U.S. since withdrawal from the market substantially encouraged the rise in prices. Some Kildanganos blame the rise in prices elsewhere into the sales rises. But above all it was the entry of the Arab bidders which drove up prices, and marked the decline of the O'Brien-Sangster partnership.

The arrival of just how much the Arabs had paid for the racing industry over the past 10 years vary from \$500m to \$1bn. Sheikh Mohammed bin Rashid al-Maktoum, Dubai's Minister of Defence, 40, is the world's biggest owner, with about 100 horses.

Kildangan, a 1,500-acre stud farm 40 miles south of Dublin,

is the centre of the sheikh's horse-breeding operations, one of six studs he owns in Ireland and England. It is, according to the manager, Mr Michael Osborne, the best stud farm in the world. "We have the best bloodlines, the best people, the best facilities, the best," he says.

More than 100 people work at Kildangan. Last year staff prepared more than 200 thoroughbreds for training. Computers keep track of each of the sheikh's horses, where they are raced and how they are performing. Sheikh Mohammed's horses won four out of the five Irish Classics last year. But he has yet to win an English Derby. Few doubt that it will happen.

"There has never been such a big betting scene as before," says Mr Osborne. "But while it looks set to continue, others might come along. Perhaps the Japanese will start spending their money on the

thoroughbred business."

Sheikh Mohammed and the owners of the world's best horses seem to have any particular interest in making money from the sport. Apparently, they do not even bet. Rather, they are driven by a single-minded determination to be top of the horse world. Money is used to buy the best.

The Arab owners do not sell many of their Classic winners on to stud syndicates. They prefer to continue racing their horses or use them for their own pleasure. The fact that he has given rise to fears that Arab owners are trying to control bloodlines and aim to achieve a monopoly on a central part of the racing business. What the Bunker Hunt tried to do with the horse market, says the critics, the Arabs are trying to do with horses.

"That's just not true," says Mr Osbourne. "About 75,000 thoroughbred foals are produced each year. Out of those only one will win the Derby. Of course there is always a chance of a horse being the next one. In this game you'll run out of money long before you run out of horses."

In the case of Classic Thoroughbreds it is clear that money has started to run out. Of course there is always a chance of a horse being the next one. In this game you'll run out of money long before you run out of horses."

Mr O'Brien talked of the great possibilities of a horse called Royal Academy, due to run in next week's St James Palace Stakes at Ascot. The odds were 100 to 1. He said he was the earnest horseman, there is always just one more gamble.

## Voting with their feet

Crammed into the small kitchen of a government "absorption" apartment in Moscow, the Tinjov family from Moscow sat around a small table. A bottle of ketchup and a bottle of mustard were on the table. The Tinjov family from Moscow sat around a small table. A bottle of ketchup and a bottle of mustard were on the table. The Tinjov family from Moscow sat around a small table. A bottle of ketchup and a bottle of mustard were on the table.

are expected over the next two to three years if their exit is not blocked.

After their arrival, and especially after the question of how many may settle in Israeli-occupied Arab territories, has become a contentious issue in the Arab-Israeli conflict. Politicians in Israel proclaim the influx as a boost to the country's strength. Arabs also see it as a threat, and therefore as a threat to their own security. The threat has helped to fuel renewed talk of war in the region.

The Tinkajovs say they have no intention of settling in the occupied territories — they seek a quiet life in Israel after the everyday struggles in Moscow and desire peace for Arabs and Jews. But their identification with Israel is already seems strong.

Here 3.5m Jews are sur-

He confesses his dislike for the new Government and says that the current situation worries him. He says, very tentatively, that the solution lies in somehow separating Arabs and Jews, and suggests ceding the West Bank and Gaza Strip to the Palestinians may be the answer. "I hope the US and the UN will find a way in which will help to find solutions to these problems because I'm sure Israel alone cannot."

What worries Mr Savitsky most, however, is what he regards as the country's chronic lack of preparedness to cope with such a large influx of people. "It is a great problem for Israel . . . It is one thing to cope with 40,000 people as now, but when they have 400,000 it will be a catastrophe."

the Jewish people, and the Soviet Union was overcast with a gloom almost euphoric. For now, at least, there was scarcely a hint of hesitation about their decision, in common with tens of thousands of other Soviet Jews, to change life in the USSR for life in Israel. The family left Moscow on July 26, complete with Rikhi and Rikhi Tavi, the ginger cat, and two kittens. Like many Jewish immigrants, Iren and Rikhi would have preferred to go to the US. But they fell in with the desire of the rest of the family to head for Israel.

The Tijnjakovs, like most of the Soviets now streaming to Israel, are not religious Zionists. Nor are they religious. Kira, a medical student, expresses the wish for a world without nation states. But her perception of danger in the Soviet Union, and their desire to live in a welcoming society is palpable.

Irene, an engineering PhD, says the family feared the instability in the Soviet Union. "We know history. If the situation is unstable it becomes dangerous for all of the Jewish people who are here," she says. "I know there are so many refugees with Germany in the 1930s."

The desire to escape, rather than the urge to settle in Israel, is acknowledged by Rikhi Tavi, the oldest of the family. "I am not a religious immigrant. Almost 50,000 Jews have arrived so far this year and in excess of 500,000

The desire to escape, rather than the urge to settle in Israel, is acknowledged to be the primary motive among the Soviet emigrants

From the US, he says, "the government is facing a looming housing shortage, with a consequent surge in house and rental prices, and the high cost of living are what alarm him. A patents specialist, he now has part-time work and some consulting with the Kohn. Kohn is a talented seamstress. Even so, he is concerned.

"My main problem is to build a base for my family. It will take me many years to get even the cheapest apartment, and I can't afford to buy the cheapest car. I see that it is much easier to start out in the US — although the US is a tough country."

He acknowledges the warm welcome he and his family have received in Israel. Assuming they find employment there they are happy to stay. Both he and his wife still advise other Jews to come to Israel. But he admits — ironically given the years of struggle to leave the country that he has traveled in Israel.

He objects to rules forcing him to repay the state's outlay on his family if he leaves the country within five years — as he might choose to do if he cannot find a job. He says that he would not want to pay the penalties for re-emigration — although for the authorities to introduce one would be an almost unthinkable admission of failure.

"Right now, Israel needs foreign medical students," he says. "Otherwise, 'This great Russian *aliyah* (immigration) will turn Israel to the worse, not to the better.'"

## Aid for rail pioneers

**From Mr Andrew Mitchell:**  
"Sir, The Government's reluctance to contribute financially towards the construction costs of the high-speed Channel rail link should be contrasted with the opposite stance taken by a predecessor Government in 1980, when it provided funding at a critical time in the construction of the world's first passenger railway.  
Had not the Exchequer Loan Bill, which authorised a loan of £100,000,000 in 1987, it is unlikely that the Liverpool and Manchester Railway would have been built.  
In the terms of its time that was a mammoth construction project comparable to the high-speed link. Its successful completion sparked off the

# The priorities of

*From Mr Richard N. Kelly.*

Sir, David Waller ("The religion of success," June 2) sneered at Manchester Grammar School's emphasis upon examination success and Oxbridge entry, but fails to point out that these priorities are exactly those expected by those who pay the school fees.

The fact that the school's entrance examination each year attracts applicants whose number far exceeds the places available suggests they are priorities widely shared by parents in the Manchester area. As a school that exists independently of direct state funding, we must reflect the wishes of the market in order to survive. To ignore this reality indicates a naivety surprising from a journalist on the FT.

I must declare that most of us at the school do not resent the publication of Mr Waller's article; it provides us with one of the most striking admissions of the priorities of recent years. Its stress upon our "single-minded" pursuit of academic excellence is one that will appeal to many parents considering their sons' second-

## One man's meat

*From Mr Brian Reading.*  
Sir, What's new? A Punch cartoon of September 27, 1890 was captioned: "According to the Standard, by the new meat inspection law, just come into force in the US, American cattle and pigs for export to England, France or Germany are to be inspected before leav-

# pioneers

massive railway building boom on which Britain's industrial leadership of the world in the last century depended. The private and public railway developers are seeking as a contribution from today's Government is probably a rough value equivalent of the £100,000,000 pump-priming which provided the railways with the Government of the day.

Perhaps the age of British industrial pre-eminence depended as much on an entrepreneurial spirit in politicians as in businessmen.

Andrew Mitchell,  
Managing Director,  
Mitchell Instruments,  
10, St. Nuffield Close,  
Nuffield Road,  
Cambridge

# Parents who pay

primary education. Nevertheless, a number of tendentious comments were made which merit first.

First, his observation that the school buildings invoke memories of Colditz and the Lancaster house cotton mills make it easy to see why Mr Waller chose not to study history at university. Furthermore, if he ever visited some of the private schools in the Manchester area, he might not consider MGS such an architectural monstrosity.

Secondly, his claim that the masters at the school were "recognisably the same as those who taught me" implies either that he is prone to a facile delusion or that the vast majority of my colleagues were masters at the school on the day of his visit. There has, in fact, been a 35 per cent turnover of staff in the last five years alone.

Thirdly, he recalls that the boys in the few lessons he attended were "meek" and "reticent." Allowing for the natural tendency of young boys to be more reserved than usual in the presence of an

s another man's  
ing America with a view to  
removing the grounds for  
objection on the part of those  
Governments to the unres-  
tricted reception of these  
important American exports.  
Should any foreign Govern-  
ment, fearful of pleuro-pneu-  
monia or trichinosis, refuse to  
trust to the infallibility of the

# A defect of the English language

from Professor Leslie Hannah.

Sir, I am pleased in publishing the trivial correspondence on their "mau" or "mow" you are diverting scarce British resources of wit and inventiveness to less urgent national purposes.

Consider, for example, the need for a (polite) word for that Lord Young is doing at the moment.

The French have *pentouillage* (monning house slippers), the Japanese have *amatsudari* (descend from heaven), English quite bereft of a noun.

Leslie Hannah.

London School of Economics,  
Houghton Street, WC2

**MGS** fees

struder, might it not be that attentive," "interested" and "concentrating" were more apt descriptions?

Fourthly, his assertion that most of our pupils are cynical and sceptical does not worry me too much given that such characteristics are often the hallmarks of outstanding scholarship; yet to say they result from being "browbeaten" by the system" is odd. Surely they are more likely to be the effects of adolescence rather than any particular scholastic regime? Are the penangiers Mr. Waller meets from other schools (inner-city comprehensive, for example) pondoos, credulous and socially accomplished by comparison?

I am not quite sure what role he expects a school to fulfil. I cannot think of any that manages to produce, on a conveyor-belt basis, the sort of well-rounded" individuals he seems to think can be moulded by the age of 18 - with or without academic distinction.

Richard N. Kelly

*The Common Room,  
Manchester Grammar School*

**Import curb**  
American inspectors, the US president is authorised to restrict imports by directing that such products of such foreign state as he may deem proper shall be excluded from importation into the US."

**Christian Reading.**  
**Shakespeare Toner,**  
**Carbide, EC2**

## BES is alive and

*From Mr. T.C. Villiers.*

Sir, More than \$1.2bn has been invested in around 1,400 public companies by more than 55,000 private individuals since the first day of the BES Scheme was introduced in 1983. Tax relief is given by the Government to compensate for the high risk associated with investing in these small companies.

What seems to have escaped the notice of both Kevin Goldstein-Jackson ("Some home truths about the BES," *Maclean's* (Letters, June 9)) is the nature of that risk. A number of fully listed companies are currently all too real examples of how any company can lose its shareholders' funds and other than offsetting those losses against other gains

there is no tax relief for those private investors. It is the illiquidity of BES shares, their low dividend yields, their round lots and the lack of dividends that are the basis for the tax relief given to BES investors.

It is difficult to respond to the points made by your correspondents without knowing the detail of their portfolios and the reasons for their 'partial' investments. It might be that they rely on their own judgment or did they depend on others, such as a professional adviser or the two industry newsletters that analyse the investee companies?

Advice was certainly needed. But not all early investors in the BES companies were good investors: 36 per cent who raised money in 1983-94 have since failed, with 20 per cent of the invested money being lost. But as experience in managing equity investments in these small companies has improved, the failure rate has diminished so that comparable figures for 1986-97 are 9 per cent failed and 3 per cent of the money lost.

One simple lesson to draw from these figures is that low-capitalised companies are not always a good investment. This is one reason why the BES industry regrets the imposition of a 250,000 cap two years ago.

Budget) to 2,500,000 in the last year. (Budget) on the amount that most BES companies can raise in a year. Such a low limit makes the money expensive to raise, and companies of this size find it difficult to attract the experienced high quality management needed. For these reasons, the BES Association will continue to press for a higher level of funding. A number of promoters are

## kicking

proving that it is possible to provide tax-efficient investments in good companies and a valid way out for investors. Johnson Fry has 11 companies, most five-year seeded investments. In 1980, and the shareholders in all of them will be given the opportunity of disposing of their shares at a fair price. The company, Johnson Fry Ventures has already provided a way out of 71 per cent of the companies for which it raised money.

If it is only the finance director who observed name and youth that prevents Mr MacKenzie investing 240,000 in one BES company, I shudder. Surely he understands the need to spread his risks. The short-termist companies seeking funds is wide, even if scallions

or cruising around the Hebrides do not attract him.

There will always be those who wish to minimise risk by investing in gilts, but equally there will always be those who wish to maximise return by putting their investments, Mr Goldstein-Jackson's investment in Graham Wood plc has done him nicely thank you: an investment costing 25 pence per share before tax relief, in a company now fully listed at 165 pence is a fair gain by any standards. But there are problems in finding exit routes in a number of instances, these are likely to diminish as experience grows and as the general trading climate improves over the next few years.

Finally, Mr Goldstein-Jackson wonders what has happened to the flow of prospectuses. As companies have only 40 days to raise their minimum subscription from the date of issuing the prospectus, they are only inclined to invite the public to buy shares when investors show a willingness to take their cheque books out.

History shows that they seem loath to do this in May and June, so there are few, if any, offers about at this time of the year - a classic case of the chicken and the egg perhaps.

I do not believe that the BES is yet in its death throes: there are still plenty of companies and investors willing to make use of its unique attributes.

**T.C. Villiers,**  
*Chief Executive,  
The BES Association,  
29 Maddox Street, W1*

**ADVERTISEMENT**  
**BUILDING SOCIETY INVESTMENT TERMS**

[illegible]

\*For telephone see local directory. CAR = Annual yield after interest compounded.

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## UK COMPANY NEWS

# Smith New Court moves £14.5m back into profit

By Richard Waters

SMITH NEW COURT, the securities company, shrugged off a substantial loss on a stake in Ferranti International, the defence contractor that has suffered an alleged massive fraud, to report a strong advance in profits last year.

Pre-tax profits for the year to April 27 reached £14.5m, compared with a loss of £12.6m the year before after a fierce price war in the UK equity market.

Having passed the interim dividend the directors are recommending a final of 3p - last year shareholders received an interim of 1.5p but no final.

The result marked a strong turn-around in the second half, from £2m in the first six months, partly due to a smaller loss on the Ferranti stake.

Smith's holding of 30m Ferranti shares, bought at 60p each, is thought to have cost it £7m-£8m in the first half as the share price fell to 56p. The second half loss is thought to have been half as much again, as the price declined further.

The company would not confirm these figures, saying only that the loss had been "substantial" in the first half and was "materially lower" in the second. It said it had disposed of the stake since the year end.

Smith is now suing Citicorp Scitgroup Vickers, from whom it bought the shares.

Smith's return to profit last year was due both to an improved performance in its core market-making operation and an increase in fee and commission income from broking and corporate finance work.

Mr Michael Marks, chief executive, said that half of the company's gross revenues had been earned on market making, with the rest from broking, and corporate finance work.

Income from the latter had increased by 40 per cent over the previous year. Half of gross income came from UK operations, with the rest earned overseas.

The market-making improvement was due to the ending of the price war and an increase in volume on the stock market, said Mr Marks. It was also helped by large "bought deals" conducted during the year.

Smith's research operations, begun in 1986, now cover 90 per cent of the UK market, although it still has gaps to fill overseas, the company said. It hopes to open its first continental European office within the next 18 months.

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# The strings tied to aprons and runways

Paul Abrahams analyses BAA's dilemma over how to revalue its property portfolio

A STANDARD corporate habit for most companies is to maximise their asset value. That appears particularly valid at a moment in the UK as the City attempts to digest an unpalatable series of poor profit figures.

But Sir Norman Payne, chairman of BAA, the former British Airports Authority, is set a tricky management dilemma on Monday, when he announces a revaluation of much of his company's property portfolio at the same time as its full-year profits.

Analysts believe that BAA's operating profits are likely to be robust - between £250m and £255m, against £196m last time. Any downturn in the charter market has been more than offset by growth in scheduled services. The company's other main revenue stream, from shops and duty-free outlets, is also likely to report good profits.

However, the eyes of the City will mostly be focused on the property valuation.

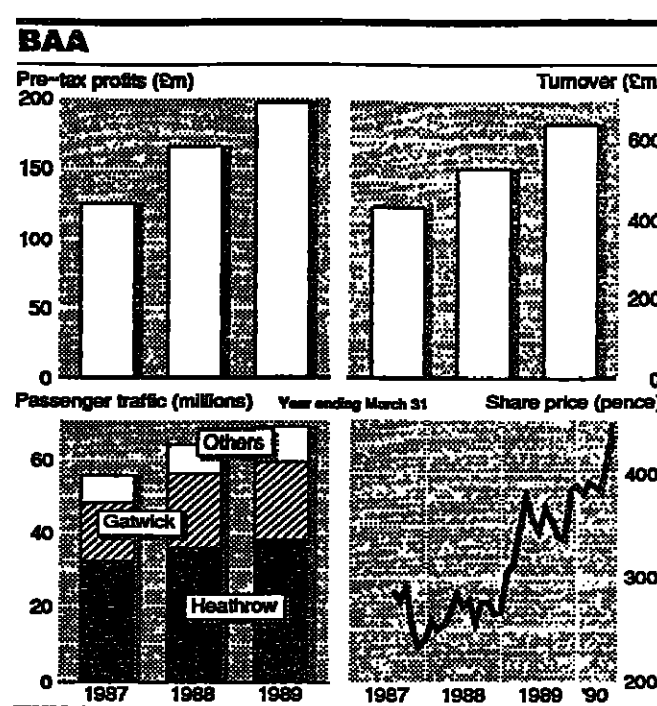
Runways and aprons will be valued at replacement rather than historic cost with depreciation, and a re-rating of value of the terminals is likely.

The reason for Sir Norman's dilemma is that he is playing to a number of audiences. A major reappraisal of the value of BAA's terminals, runways and aprons would obviously prove attractive to shareholders and the City.

In justifying a large sum, Sir Norman could point to the substantial revenue already generated through shops and duty-free outlets at the airports. Some analysts believe the sites at Heathrow have the highest turnover in the world and that it would be reasonable to value the properties at high yields similar to shopping centres.

The temptation to adopt a high valuation would also help Sir Norman in his battle with Mr Michael Ashcroft, chairman of ADT, the industrial services group, which has built a 9 per cent stake in BAA. A high valuation and high share price would make it more expensive for Mr Ashcroft to acquire any further shares and might tempt him to dispose of his stake with substantial profit.

Another factor that paradoxically might tempt Sir Norman to choose a high valuation would be that it would reduce



BAA's return on assets. Sir Norman is preparing for the first of the quinquennial Monopolies and Mergers Commission reviews set up by the Government before BAA's privatisation. The review, which examines all the operational

aspects of BAA's three south-east airports, will look closely at return on assets to make sure the company is not exploiting its potential monopoly in the region. A high valuation would clearly be beneficial to BAA's case.

But if it were that simple, Sir Norman would be the same as most other chairmen of public companies. However, running a recently privatised company, he is in a delicate position. If he wants to choose a high valuation for commercial reasons, he runs the risk of causing a political furor.

The reason for this is that although a substantial revaluation of the property assets might please the City and shareholders, it would certainly not please the Government. Ministers would not welcome another series of accusations from opposition parties that a nationalised industry had been sold on the cheap when it was privatised.

When Sir Norman announces the results of his decision, City analysts will have to decide whether BAA is a property company, a transport services organisation or a hybrid of the two.

# Tomkins agrees Philips deal

By Philip Coggan

TOMKINS, the UK industrial conglomerate, has now reached formal agreement on the £550m (£325m) acquisition of Philips Industries, a US industrial group, a deal which was originally announced 10 days ago.

The news was accompanied by an estimate that Tomkins' pre-tax profits for the year to April 28 were not less than £70m, an increase of 17 per cent over the previous year.

Agreement on the Philips deal means that Tomkins has set the terms for the £325m rights issue being used to fund the purchase.

Shareholders are being offered non-interest bearing convertible unsecured loan stock on a partly paid basis. The first instalment will raise approximately £154m, after expenses; the second will only be payable if the acquisition of Philips goes unconditional.

The issue price of each CULS unit will be 242p, payable in two instalments of 121p. The CULS will automatically convert into ordinary shares 28 days after the second instalment is paid. The effect, after conversion, will be a three-for-four rights issue.

Barclays de Zoete Wodds said that the unusual structure of the rights issue was designed to allow flexibility for Tomkins to raise half the money if the deal fell through. CULS are a more flexible instrument for achieving the purpose than ordinary shares.

As well as estimating its profits for the year to April 28, Tomkins said it intended to recommend a final dividend of 6.42p (4.75p), making a total of 9.12p (6.42p).

The directors said that the current financial year was "meeting expectations".

# Unicorn Heritage liquidation

By Alan Cane

UNICORN HERITAGE, the company behind the "Royal Britain" exhibition in London's Barbican Centre is going into voluntary liquidation owing some £3.4m.

There will be a creditors' meeting on June 22nd after which the company will be put in the hands of insolvency specialists Cork Gully.

Mr Stephen Hook, the liquidator, said he was hoping to

find a buyer that would keep the exhibition as a going concern. "I hope we will be able to do something," he said yesterday "but it is not the best of times and it is an expensive site with high rent and rates". About 25 jobs would be at stake.

Some £7m had been raised to fund the exhibition which features a variety of sophisticated audiovisual techniques to

evoke a sense of the history of British Royalty. It is the inspiration of Mr Gyles Brandreth, the media personality.

Mr Kim Kehle-White, said the exhibition had been dogged by bad luck. There had been delays in opening and the initial marketing had been poor.

The show had been revamped and improved but by then the money had run out.

# Airsprung declines to £2.35m

A SUBSTANTIAL increase in operating expenses from £8.72m to £9.17m forced down taxable profits at Airsprung in the year to March 31.

The pre-tax result at this USM-quoted furniture maker and travel agent fell to £2.35m (£2.04m), though turnover rose 28 per cent to £43.94m (£34.36m). Gross profit advanced to £11.91m (£9.66m) but operating profits were down at £2.74m (£2.94m). Earnings worked through down at 13.1p (19.3p).

The proposed final dividend is a maintained 3.18p for an unchanged 5.5p total. The company said that turnover in the first two months of the current year was considerably better than last time, but that the general

economic situation could have a detrimental effect on its immediate prospects. A weakening pound would continue upward pressure on the cost of the raw materials Airsprung imports.

When the company disposes of its old factory



## INTERNATIONAL COMPANIES AND FINANCE

## Saab-Scania profits lifted by strong aircraft sales

By Robert Taylor in Stockholm

SAAB-SCANIA, the Swedish automotive and aerospace group, has increased profits after financial items for the first four months of this year by 27 per cent to SKr1.1bn (\$134m). Turnover rose by 11 per cent to SKr10.1bn against the comparable four months of 1989.

The car division of the group is now jointly owned with General Motors, although Saab-Scania has taken over half the burden of the first four-month losses of SKr995m in Saab Automobile. The wholly Swedish owned Saab-Scania covers truck and aircraft manufacture as well as defence equipment.

These surprisingly strong results reflect a massive improvement in aircraft sales which rose by 73 per cent in the four months to SKr1.65bn.

Sales of the Saab340 and Saab2000 commercial aircraft have continued to grow with orders signed with Japan Air System and Hazelton Airlines of Australia.

So far 310 Saab340s have been sold. There are firm orders for 41 of the Saab2000 with a further 101 options. In April the order backlog for the aircraft, valued at SKr1.45bn of which commercial aircraft accounted for SKr920m.

The performance by the Scania truck and bus division was less impressive with a 4 per cent growth in sales in the period to SKr7.98bn. Mr Georg Karsund, president and chief executive officer, said yesterday that the decline in demand in the western European truck market is continuing and

would result in a 10 per cent fall in overall sales in 1990. He predicted a slight recovery in the truck market in Britain, Norway and Austria. He also reported that the group had revived in the volatile Brazilian market, where there was a 10 per cent growth in the heavy trucks market.

Mr Karsund said that Scania's capital programme was running according to plan, while work was progressing on the build-up of a marketing and service organisation in eastern Europe.

The group reported a 3 per cent decline in sales in its Combitech defence equipment division to SKr565m for the four months. Order books fell to SKr528m compared with SKr581m at the end of March 1989.

## Shake-up at board level announced by CMB

By Maggie Urry

CMB PACKAGING, the leading European packaging group, has announced board changes after speculation about a behind-the-scenes power play at board level. The group was formed by the merger last year of Carand, a French packaging group, and Metalbox Packaging of the UK.

CMB said "after the first year of building its management base, CMB is now entering a new phase of development which requires changes in the management structure and in the general management team."

Mr Alex Watson, number two in the management structure under Mr Jean-Marie Descaupentes, the chairman and chief executive, is taking early retirement to make way for Mr Nigel Gilson, who comes in as a director general.

Mr Gilson had worked at Metalbox for 20 years and became head of Metalbox UK operations. He left Metalbox three years ago to become group managing director of B. Elliott, the engineering company.

At the same time an executive committee of four directors, including Mr Descaupentes, Mr Gilson, Mr Arnold Fayet, who ran the Health and Beauty division and becomes a director general, and Mr Robert van den Heuvel, the finance director.

Followers of the company suggested that Mr Watson had opposed Mr Descaupentes' style of management which included having a 30-strong board. It is thought that the new executive committee is intended to put greater control on Mr Descaupentes' decentralised style of management, which some dubbed as a "divide and rule" policy.

Mr Gilson was involved in the early merger talks between Carand and Metalbox, and knew Mr Descaupentes from then. They are understood to have a good relationship.

Bringing in Mr Gilson was seen yesterday as an attempt to maintain the Anglo-French balance at the top of the group.

It is thought that CMB's two main shareholders, MB Group in the UK and CGIP of France, which together have over 51 per cent of the equity, had been concerned that management changes the company would be damaged.

They suggest that Mr Descaupentes has been supported in the latest row by the majority shareholders, but warned that he must produce results in the next term to keep his top position.

## MGM/UA deal runs into snags

By George Graham in Paris, John Wyles in Rome and Alan Friedman in New York

MR GIANCARLO Parretti, the Italian financier seeking to acquire MGM/UA, the US entertainment group, for \$1.2bn, yesterday ran into several snags in France and Italy.

In France, Mr Pierre Bérégovoy, the Finance Minister, blocked the takeover of Pathé Cinéma, the leading French cinema group, by Mr Parretti.

In Italy, an Italian financial company flatly contradicted a statement made on Tuesday to the US Securities & Exchange Commission (SEC) by Mr Parretti's communications group about the source of \$320m of funds to be used by Mr Parretti for the MGM deal.

Parretti said yesterday it would extend its tender offer for MGM until June 22, a day before the final day permitted for closing the deal.

Mr Ed Hamburger, a securities lawyer and aide to Mr Par-

retti, meanwhile sought to clarify the confusion over the missing \$320m of funds for the acquisition.

He also declared the French Government move would have "absolutely no effect" on the transaction.

In the filing to the SEC, Parretti cited as a source of funds the sale of a 28.87 per cent stake in Banca Agricola Milanese, a Milan bank.

Sasse, a Geneva company controlled by Mr Parretti's partner Mr Florio Fiorini, is said to have sold the stake for \$520m to Centromed Comissioria, a financial company.

However, yesterday Mr Giuseppe Gennari, president of Centromed, denied to the Italian press Mr Parretti's statement that the SEC that he had bought the bank stake, Mr Gennari said no transaction had taken place.

Mr Hamburger yesterday confirmed the facts in the SEC filing, but claimed the \$520m deal had only fallen through yesterday because Centromed "didn't show up at the closing."

He said there was no need to specify the closing in the SEC filing.

In Paris, Mr Parretti's company Pathé France Holding already owns 49 per cent of Pathé Cinéma and agreed last month to buy a further 52 per cent stake from the Rivaud banking group for FF978m, valuing the group at FF978m.

But the Finance Ministry said in a statement that "the operation was of a nature to call public order into question," and that Mr Bérégovoy was therefore using his right to stop the deal.

Mr Bérégovoy last year blocked the takeover of Pathé

by Mr Parretti, questioning whether his group, largely funded from Switzerland, qualified as a European Community investor, but was forced to back down by the European Commission.

The minister recalled that attempt last year to gain control of Pathé, "doubts were expressed last year over the real origins of the funds financing this acquisition," but that the investigation had not enabled him to confirm these doubts.

He had asked the ministers of justice, defence and the interior to give him any information they might have, and had asked the Commission des Opérations de Bourse, the French stock exchange regulator, to contact the Securities and Exchange Commission, its US counterpart.

## Compass flotation fully taken up

By Kevin Brown in Sydney

AUSTRALIA'S planned deregulation of domestic aviation passed its first hurdle yesterday when Compass Airlines, the only new airline currently seeking to enter the market, completed a successful \$450m (US\$285m) flotation.

Mr Bryan Grey, the veteran airline executive who formed Compass to take advantage of the deregulation legislation, said the issue, launched on Tuesday, had been completely taken up.

Compass plans to begin flying from mid-November, shortly after deregulation takes effect at the end of October. Mr Grey says the airline will offer reductions of between 20 per cent and 50 per cent on existing fares.

The company says it will be profitable from day one, and forecasts pre-tax profits of more than A\$20m next year.

rising to A\$104m in 1992, and A\$134m in 1993. The prospectus promised investors a 10 per cent dividend in the first year, rising to 43 cents in 1992 and 57 cents in 1993.

Some analysts have questioned Compass's ability to achieve these targets, because of the company's exposure to movements in fuel costs and exchange rates.

However, the two existing domestic airlines - state-owned Australian Airlines and privately owned QANTAS and News Corporation - have already begun discounting fares in an attempt to shore up their market share before October.

Deregulation breaks the existing airline duopoly by allowing new airlines to operate on any domestic route after acquiring an Air Operator's Certificate from the Civil Aviation Authority, which regulates air safety.

The Labor Government had hoped that several new airlines would take to the skies after October, but Compass is the only potential competitor to have reached the stage of raising finance and seeking an operating licence.

Mr Grey said the Compass issue, underwritten by Potter Partners of Melbourne, had been "a great success." Surplus applications with the balance from an additional pool of 30m shares, bringing the total funds raised to A\$55m.

Mr Grey will control 9.1 per cent of Compass. Around 40 per cent of the shares have been allocated to Australian institutions, with the balance acquired by private investors.

Dealing is expected to start on the Australian Stock Exchange at the end of the month.

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Full year earnings were C\$188m or C\$2.40 a share, up from C\$176m or C\$2.10 in 1989, on revenues of C\$3.3bn against C\$3.1bn.

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## Scott Paper in W German link

By Maggie Urry

SCOTT Paper, the world's largest producer of sanitary tissue, has agreed to set up a joint venture with Feldmühle, the leading West German paper group, currently being taken over by Stora of Sweden.

The joint venture will operate Feldmühle's tissue business in Germany and will take over the German operations of the company, which also sells tissue paper in France and Belgium.

Scott is the leading European tissue maker, with brand names such as Scottex and

Andrex, but it lacked a strong presence in Germany and the Netherlands. It operates in the UK, France, Belgium, Italy, Spain and Portugal, and has been looking to expand into Germany for some time.

Scott will take a 51 per cent stake in the joint company, paying \$125m and will take responsibility for running the business. After three years Scott can buy the remaining 49 per cent at an equivalent price, and Feldmühle can also force Scott to buy it out.

The move follows a tie-up in the European tissue market last year between James River of the US, Nippon of Finland, and Montedison of Italy.

Scott's European sales are \$1.2bn and Feldmühle's tissue operations have sales of \$300m. Scott said the deal was subject to approval by the German Federal Cartel Office. The company said it has no plans for closures or job losses as a result of the deal, but sales forces in France and Belgium would be integrated.

## Norwegian drug groups to merge

HAFSLUND Nycomed, the Norwegian pharmaceutical group, is to absorb local drugs and cosmetics maker Collett-Marshall Hauge through a merger, AP-JD reports.

The companies will call shareholders together "as soon as possible" to seek approval of Collett becoming part of Hafslund, which is owned by the two companies said.

Hafslund will expand its share capital to cover a Nkr37.2m (\$5.74m) cash pay-

ment included in the deal. The terms of the link also give Collett shareholders 695,552 Hafslund shares with a stock market value of around Nkr177m.

"The merger will result in a new activity of substantial size and impact in the areas of over-the-counter drugs and over the counter products," the shareholders said.

Collett, with an expected 1990 turnover of Nkr160m, also sells cosmetics and toiletries in Norway, Sweden and Den-

mark. Nycomed Pharma expects turnover of Nkr450m for this year.

Storebrand, Norway's biggest insurance group, has purchased a 23 per cent shareholding, worth some Nkr320m, in Nora Klendom, a local property group, Reuter reports. The deal increases Storebrand's shareholding in Nora Klendom, which is mainly owned by Norwegian food and soft drinks company Nora Industrier, to just over 30 per cent.

## Taiwanese airline sets up joint venture

By Peter Wickenden in Taipei

CHINA Airlines, Taiwan's national carrier, is to form a new international airline, Taiwan Airlines, with a 75:25 joint venture with China Investment Trust, a subsidiary of the China Trust Group.

Provisionally named Hwa Hsin Airlines, the airline will be privately owned and thus able to fly to destinations barred to the Government-backed and awkwardly named China Airlines.

These include Australia, which has negotiated for years to establish a direct flight to Taipei. Many countries, including Europe, and mainland China which is expected to be opened up to Taiwanese airlines in the near future.

A preparatory committee was formed yesterday by senior management from both companies and flights to Australia are expected to start in November. The Australian airline, Qantas, the Australian air-

line, has already formed a separate subsidiary in order to fly to Taipei. Many countries, including Europe, and mainland China which is expected to be opened up to Taiwanese airlines in the near future.

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## Hungarian issue warmly welcomed

By Nicholas Denton in Budapest

THE issue of shares in Ibusz, the travel agency which is the first Hungarian company to be privatised following political reform, has been massively over-subscribed.

As the application period closed yesterday, Mr Kálmán Mezős, a director of Győri központi Budapesti, co-lead manager of the issue, estimated that it had been over-subscribed by 25 to 30 times as a whole and by about 50 times for the tranche reserved for western institutions.

The intensity of interest in the west is likely to mean that 300,000 of the 440,000 shares on sale will go to non-Hungarians when the final allocation is made early next week. Originally, only 240,000 shares were reserved for western investors.

The issue price of 4,500 forints values the western tranche at 2.2bn forints (\$33m) and the whole company, about two-thirds of which remain under state control, at 5.9bn forints (\$90m).

The high level of demand for Ibusz shares suggests a sharp market-up when the shares reach the trading debut on the Budapest and Vienna stock markets on June 21. Mr Mezős said Ibusz shares may trade at between 20 per cent and 100 per cent above the issue price.

The offering marks the first time the Budapest Stock Exchange, on whose opening day Ibusz shares will be floated, and to the privatisation process in Hungary. A public offering is seen both as a way of making the sale of state assets more transparent and less prone to corruption, and as a means of involving the public.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year to date	High 1990	Low 1990
Gold per troy oz.	\$347.50	-7.0	\$368.50	\$420.25	\$345.75
Silver per troy oz.	\$263.50	-13.70	\$45.15p	\$23.50p	\$23.35p
Aluminium 99.7% (cash)	\$1,652.5	-32	\$1,655	\$1,747.5	\$1,304.50
Copper Grade A (cash)	\$1,619	-22	\$1,625	\$1,790	\$1,413.0
Lead (cash)	\$1,483.25	-10.75	\$1,487.5	\$1,700	\$1,213.0
Nickel (cash)	\$8,662.5	-2.5	\$8,662.5	\$10,025	\$7,000
Zinc SHG (cash)	\$1,680.0	-15	\$1,685	\$1,850	\$1,250
Tin (cash)	\$8,160	-60	\$1,034.5	\$702	\$615.0
Cocoa Futures (Sep)	\$2,025	-27	\$1,195	\$757	\$557
Coffee Futures (Sep)	\$18	-2.0	\$294	\$384.4	\$305.50
Sugar (LDP Raw)	\$305.50	-2.25	\$1,161.00	\$1,161.00	\$1,161.00
Barley Futures (Nov)	\$116.00	-0.30	\$1,104.65	\$1,123.45	\$1,111.00
Wheat Futures (Sep)	\$113.50	-0.80	\$76.30c	\$90.70c	\$73.70c
Cotton Outlook A Index	\$9.75c	-0.05	\$650	\$650	\$650
Oil (Brent Blend)	\$16.325c	+0.75	\$17.55c	\$21.575	\$15.575

## London Markets

SPOT MARKETS	Latest prices	Change on week ago	Year to date	High 1990	Low 1990
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Tin (cash)	\$8,160	-60	\$1,034.5	\$702	\$615.0
Cocoa Futures (Sep)	\$2,025	-27	\$1,195	\$757	\$557
Coffee Futures (Sep)	\$18	-2.0	\$294	\$384.4	\$305.50
Sugar (LDP Raw)	\$305.50	-2.25	\$1,161.00	\$1,161.00	\$1,161.00
Barley Futures (Nov)	\$116.00	-0.30	\$1,104.65	\$1,123.45	\$1,111.00
Wheat Futures (Sep)	\$113.50	-0.80	\$76.30c	\$90.70c	\$73.70c
Cotton Outlook A Index	\$9.75c	-0.05	\$650	\$650	\$650
Oil (Brent Blend)	\$16.325c	+0.75	\$17.55c	\$21.575	\$15.575

SUGAR - London FOX				(\$ per tonne)
Raw	Close	Previous	High/Low	
Aug	284.40	275.80	280.00 275.00	
Oct	279.40	270.00	283.00 272.00	
Dec	286.40	275.00	275.00 260.00	
Mar	298.00	285.00	298.00 285.00	
May	265.00	258.00	265.00 258.40	
Aug	285.00	254.00	262.00 258.40	
Oct	255.00	250.00	255.00 255.00	
White	Close	Previous	High/Low	
Aug	388.0	377.0	388.0 375.0	
Oct	359.0	361.0	359.0 352.0	
Dec	351.0	360.0	351.0 347.5	
Mar	346.0	339.0	344.0 339.0	
May	345.0	335.0	345.0 335.0	
Aug	342.0	336.0	339.5 334.0	
Oct	331.0	325.0	325.0	

Turnover: Raw 4628 (6782)lots of 50 tonnes.  
White 1020 (1959) " " " " "

Paris-White (FFY per tonne): Aug 2190, Oct 2065  
Dec 2015, Mar 1995, May 1995

CRUDE OIL - IPE				\$barrel
	Latest	Previous	High/Low	
Aug	16.24	16.34	16.40 16.22	
Sep	16.70	16.86	16.85 16.69	
Oct	17.17	17.28	17.16	
Nov	17.25		17.30 17.23	
Dec	17.35		17.39 17.35	
IPE Index	16.10	15.87		

Turnover: 5162 (11048)lots of 100 tonnes

GAS OIL - IPE				\$barrel
	Latest	Previous	High/Low	
Jul	145.75	146.25	146.75 144.50	
Aug	147.00	147.50	148.25 145.00	
Sep	150.75	150.25	150.75 148.00	
Oct	153.00	152.75	153.00 150.25	
Nov	152.25	152.75	153.00 151.00	
Dec	152.25	152.75	153.00 151.00	
Feb	153.00	150.25	153.00	

Turnover 5732 (11149)lots of 100 tonnes

**SPECIES**

Nutmeg and mace prices, average dropped



## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## US dollar and sterling firm

THE US DOLLAR was firm yesterday following the release of industrial production figures for May which appeared to show the economy growing at a faster-than-expected rate. Meanwhile, sterling continued to be supported by a belief that it will become a full member of the European Monetary System in the autumn.

The immediate publication of US industrial production statistics, as well as those for consumer prices and trade, had kept the dollar confined to a narrow range in Japan and during the first half of the European trading day.

On the release of the trade and consumer price data, the dollar weakened, with dealers marking the US unit lower on the belief that the economy was slowing.

However, the dollar rebounded after it was announced that industrial production in May had risen by twice market expectations.

The news sparked off a wave

of short-covering and took the US unit above \$1.7000, its highest level for a week. Much of the short-covering took place in London and followed a similar move the previous day.

Many analysts felt that the dollar could be set to move higher over the coming week. Mr Christian Dunis of Chemical Bank said this could be the case, despite growing talk that the Federal Reserve might ease monetary policy when its open market committee meets in early July.

Taking all the latest data, the economy did appear to be slowing and would point to an easing in monetary policy. But he added that last month the Fed did not ease and had dashed market expectations.

The market will adopt a cautious attitude and is likely to wait for a clear sign that the Fed is easing before eventually pushing the dollar lower. In the meantime, the dollar could rise, he said.

The dollar closed at

DM1.6930 from DM1.6845; at Y154.15 from Y154.00; at SF1.4350 from SF1.4345; at FF9.6850 from FF9.7000. The Bank of England's dollar index closed unchanged at 67.5.

Sterling remained underwritten by the expectation that Britain will join the exchange rate mechanism of the EMS in the autumn. Analysts said this expectation had prompted foreign investors to move into sterling.

Some dealers reported Middle Eastern selling of gold for sterling. The May inflation figures, which at 3.7 per cent was the highest since October 1989, also served to underpin the pound, since dealers reckoned that it would reduce any pressure for a cut in UK interest rates.

Sterling closed unchanged at DM2.8900; at \$1.7055 from SF1.7055; at FF9.7175 from FF9.7225; and at Y263.00 from Y262.75. Sterling's index was unchanged at 90.6.

## FINANCIAL FUTURES AND OPTIONS

LIFTS LONG CITY FUTURES OPTIONS			
Strike	Call	Put	Settlement
100	1.00	1.00	1.00
105	1.05	1.05	1.05
110	1.10	1.10	1.10
115	1.15	1.15	1.15
120	1.20	1.20	1.20
125	1.25	1.25	1.25
130	1.30	1.30	1.30
135	1.35	1.35	1.35
140	1.40	1.40	1.40
145	1.45	1.45	1.45
150	1.50	1.50	1.50
155	1.55	1.55	1.55
160	1.60	1.60	1.60
165	1.65	1.65	1.65
170	1.70	1.70	1.70
175	1.75	1.75	1.75
180	1.80	1.80	1.80
185	1.85	1.85	1.85
190	1.90	1.90	1.90
195	1.95	1.95	1.95
200	2.00	2.00	2.00

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105	1.05	1.05	1.05
110	1.10	1.10	1.10
115	1.15	1.15	1.15
120	1.20	1.20	1.20
125	1.25	1.25	1.25
130	1.30	1.30	1.30
135	1.35	1.35	1.35
140	1.40	1.40	1.40
145	1.45	1.45	1.45
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200	2.00	2.00	2.00

10-11	9-10 8-9 7-8 6-7 5-6 4-5 3-4 2-3 1-2	10A-10B	9-10	Bank of Scotland	15	●	Bank
				Barings Bank Ltd	15	●	Barings
				Barclays Bank	15	●	Barclays
				Bayerische Bank	15	●	Bayerische
				Bayerische Bank PLC	15	●	Bayerische
				Bk of Montreal	15	●	Bk of Montreal
				Bk of Montreal	15	●	Bk of Montreal
				Brown Shipley	15	●	Brown Shipley
				C1 Bank Montreal	15	●	C1 Bank Montreal
				Charterhouse Bank	15	●	Charterhouse Bank
				Chiliante NA	15	●	Chiliante NA
				City Merchants Bank	15	●	City Merchants Bank
				Citizens Bank	15	●	Citizens Bank
				Comm. Bk. of East	15	●	Comm. Bk. of East
				Co-operative Bank	15	●	Co-operative Bank

CURRENCY RATES				
One Month	Three Months	Six Months	One Year	
1.4%	1.4%	1.4%	1.4%	1.4%
1.4%	1.4%	1.4%	1.4%	1.4%
1.4%	1.4%	1.4%	1.4%	1.4%
1.4%	1.4%	1.4%	1.4%	1.4%
1.4%	1.4%	1.4%	1.4%	1.4%
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1.4%	1.4%	1.4%	1.4%	1.4%
1.4%	1.4%	1.4%	1.4%	1.4%
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# Inflation news hits equities and gilts

P/E Ratio (Net/C)	11.23	11.48	10.50	11.32	11.19	10.87	FT-100 01/12/82, 5 NB 11.32
S&P Baa3 4.56pm	22.243	33.829	33.858	25.394	24.528	29.924	
Equity Turnover(2yr)	-	1272.36	1214.52	801.90	718.83	1342.06	
SG Equity Baa3	-	35.691	30.461	24.741	24.641	30.461	
Shares Traded (mjt)	-	470.1	514.0	290.0	266.0	527.0	
<b>GILT DEFICIT ACTIVITY</b> Indices*      June 14    June 15							
Ordinary Share Index, Hourly changes	Day's High 1985.8      Day's Low 1921.6						
Open 1622.6      10 am 1930.5      11 am 1933.4      12 pm 1927.7      2 pm 1930.1      3 pm 1923.3      4 pm 1925.7							
<b>FT-SE, Hourly changes</b> Day's High 2387.4      Day's Low 2387.4							
Open 2407.5      9 am 2414.1      9 am 2408.4      11 am 2401.6      11 am 2395.3      1 pm 2397.9      2 pm 2389.9      4 pm 2391.7							

[illegible][illegible]

lished April's UK beer production figures. May's excellent performance was expected to have been behind the year-on-year rise of 3.3 per cent in production. Allied Lyons, which produces the Newcastle and Newcastle closed unchanged or a penny finer on the day. The sector ended a

rompted by the slightly disappointing retail price inflation figure and profit taking, and a sprinkling of brokers' down-

the market, and the shares rose 11 to 316p. The cash will be used to buy the US engineering products company

■ Other market statistics, including the FT-Accuaries Share Index and London Traded Options, Page 7.

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## APPOINTMENTS

Mr. Minoru Mori, chairman of DAIWA EDOFPO, London, has been appointed to the rank of managing director on the

London. Both were with Shearson Lehman Hutton Securities. Mr. Mori has been with Daiwa Securities since March 1989. Mr. Macpherson has been

responsible for the commercial property business, particularly the 50 per cent associate I&S Commercial Properties. Mr

Securities Co., Tokyo. Mr  
Makoto Kasai. Mr Mori's  
Life Association of Scotland.  
of Isis Construction. Sir Hugo  
Huntington-Whiteley has

## Gold market takes another beating

**non-executive directors are:**  
**Mr Peter Kleinfwort Benson, Mr Peter**  
**Atkinson, chairman of**  
**Atkinson Pressings, has**  
**retired from the Society's**  
**board.**

**Mr Alastair Finlayson has**  
**been appointed managing**  
**director of CARADON**  
**FERRASS, Maidstone. He was**  
**managing director of Becham**

**worldwide.**

**■ Mr Michael Hartley has**  
**been made commercial director**  
**of KYLE STEWART**  
**MANAGEMENT. Mr Michael**  
**Pavy, contracts director, and**  
**Mr Hartley will be jointly**  
**responsible for the**  
**management of Kyle Stewart**  
**Management, part of the**

**CROWLEY COLOSSO** has been appointed joint managing director of **SURVIVAL AIDS**, Perth.

**CROWLEY COLOSSO** has appointed Mr **R.B.S. Gale** as chairman, and Mr **Stephen Crowley** as chief executive.

**HILL, LAWRE WHITE & CO.**, Edinburgh, newly formed stockbroking arm of Hill Samuel Investment Services Group, has appointed Mr Michael Goodman as joint deputy chairman. He is succeeded as managing director of BLW's London office by Mr Christopher Jeal,

Who was a director of Hull Samuel Private Client Management. Mr Jonathan Barr has been appointed director institutional sales and Mr Christopher Radmore is assistant director in the research department in director's ultra mis relationship he was chairman and chief executive of Balfour Beatty. Mr Nigel Power is made financial director. He joins from Charterhouse Bank Bank, and succeeds Mr Simon Hamilton-Edds, who becomes Wadsworth Lunnans and Co, stockbrokers, part of the Norwich and Peterborough Group, has appointed Mr Paul Smeeth (pictured) as executive director. He's joined the company last year from Henderson Crosthwaite.







<b>AA Friendly Society</b>		
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AA Friendly St June 13 176		
<b>AA Life Assurance Co Ltd</b>		
80 Holborn Road, Rotherham		
Prop. Ser 1	2990 1	314
Equty Ser 1	1372 2	144
Prop. Ser 2	4620 9	482
Equty Ser 2	157 16	167
Prop. Ser 3	26 1	377
Equty Ser 3	363.7	367
Prop. Ser 4	161 0	167
Equty Ser 4	354 1	478
Filed Inv Ser 4	221 9	233
Indered Inv Ser 4	120 3	125
American Ser 4	324 5	336
Janu Ser 4	322 5	338
Filed Inv Ser 4	127 0	131

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**FT MANAGED FUNDS SERVICE**

Company	Share Price	Dividend	Yield	Company	Share Price	Dividend	Yield	Company	Share Price	Dividend	Yield	Company	Share Price	Dividend	Yield
Northwich Union Life Insurance Co Ltd	100.00	10.00	10.00%	Prudential Assurance Co Ltd	100.00	10.00	10.00%	Scottish Equitable Life Assurance Co Ltd	100.00	10.00	10.00%	Standard Life Assurance Co Ltd	100.00	10.00	10.00%
Prudential Assurance Co Ltd	100.00	10.00	10.00%	Scottish Equitable Life Assurance Co Ltd	100.00	10.00	10.00%	Standard Life Assurance Co Ltd	100.00	10.00	10.00%	Equity & Law Life Assurance Co Ltd	100.00	10.00	10.00%
Scottish Equitable Life Assurance Co Ltd	100.00	10.00	10.00%	Standard Life Assurance Co Ltd	100.00	10.00	10.00%	Equity & Law Life Assurance Co Ltd	100.00	10.00	10.00%	Johnson & Johnson Financial Services Ltd	100.00	10.00	10.00%
Standard Life Assurance Co Ltd	100.00	10.00	10.00%	Equity & Law Life Assurance Co Ltd	100.00	10.00	10.00%	Johnson & Johnson Financial Services Ltd	100.00	10.00	10.00%	Guernsey (Regulated) Ltd	100.00	10.00	10.00%
Equity & Law Life Assurance Co Ltd	100.00	10.00	10.00%	Johnson & Johnson Financial Services Ltd	100.00	10.00	10.00%	Guernsey (Regulated) Ltd	100.00	10.00	10.00%	Offshore and Overseas	100.00	10.00	10.00%
Johnson & Johnson Financial Services Ltd	100.00	10.00	10.00%	Guernsey (Regulated) Ltd	100.00	10.00	10.00%	Offshore and Overseas	100.00	10.00	10.00%	Canada (SIB Recognised)	100.00	10.00	10.00%
Guernsey (Regulated) Ltd	100.00	10.00	10.00%	Offshore and Overseas	100.00	10.00	10.00%	Canada (SIB Recognised)	100.00	10.00	10.00%	Guernsey (SIB Recognised)	100.00	10.00	10.00%
Offshore and Overseas	100.00	10.00	10.00%	Canada (SIB Recognised)	100.00	10.00	10.00%	Guernsey (SIB Recognised)	100.00	10.00	10.00%	Management Services	100.00	10.00	10.00%
Canada (SIB Recognised)	100.00	10.00	10.00%	Guernsey (SIB Recognised)	100.00	10.00	10.00%	Management Services	100.00	10.00	10.00%	Offshore Insurance	100.00	10.00	10.00%
Guernsey (SIB Recognised)	100.00	10.00	10.00%	Management Services	100.00	10.00	10.00%	Offshore Insurance	100.00	10.00	10.00%				

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● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

### MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those indicated in U.S. dollars are in U.S. dollars. All prices are bid prices for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sale. D Distribution free of UK taxes. P Periodic premium insurance plans. S Single premium insurance. A Offered price includes all expenses except agent's commission. Z Yield based on day's price at closing plus 10 September. Y Yield based on day's price at closing plus 10 July available to charitable bodies. Y Yield column shows annualised rates of NAV increase and is divided.

Funds not SIC recognised. The regulatory authorities for these funds are: Gambrey Financial Services Commission, File of Mass. Financial Supervision Commission, Investment Company Institute, Department of Investment, Institut Montclair Luxembourg.







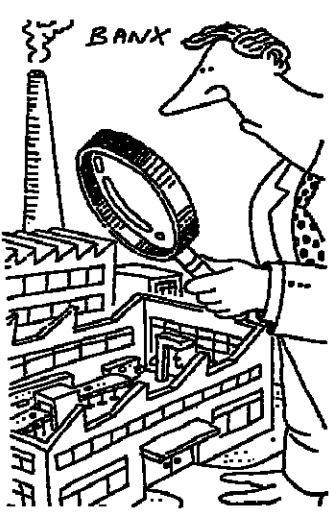
## WORLD STOCK MARKETS

## Despite a passion for Greek symbols, 'quants' claim to be normal people

THREE INVESTMENT analysts knocked at the gates of Heaven. The first explained to Saint Peter that he was a fundamental analyst: he made forecasts of company profits. The second explained that he was a technical analyst: he made predictions of future share price patterns, based in large measure on past experience. The third explained that he was a quantitative analyst: he made money.

This is, perhaps, a rather simplistic and biased interpretation of the roles played by the various breeds of investment analyst operating in today's financial markets. Nevertheless, it provides a useful and challenging introduction to a debate which has consumed the attentions of academics and practitioners for decades. Which is the more useful: fundamental or technical analysis?

Unfortunately, the days are gone when Stock Exchange examiners could arm themselves with a suitable answer to this question, secure in the knowledge that this provided a passport to fame and, hopefully, to fortune. The arrival on the investment scene of quantitative analysts, or "quants",



promises to cloud the issues even further. Or, does it?

Part of the problem is that some people, including investors, regard quantitative analysis as a third, distinct analytical discipline. Another is the fact that some believe quantitative analysis to be synonymous with technical analysis. Some would argue that any problem arises only because of the tendency of quantitative analysts to shroud themselves in mystery and Greek symbols.

So what is the debate about? And what are the roles played by the three breeds of analyst: fundamental, technical and quantitative?

Fundamental analysts are the most common. They spend their time analysing the operations, managements, products, strengths and weaknesses of the companies they follow. It is their job to predict future profits, earnings and dividends and to assess the risks associated with their predictions. This information allows the fundamental analyst to form an opinion as to the true worth, or intrinsic value, of a company's shares.

Technical analysts pay little or no regard to fundamental information. They form their opinions as to future share price movements by examining supply and demand relationships in the stock market. Charts of share price or volume patterns are the technical analyst's main tools.

Quantitative analysts earn their title because they attempt to apply relatively sophisticated mathematical and statistical techniques. Their objective is to gain an upper edge by making the best use of science and technology in the investment selection process.

The distinction between these three approaches is not cut and dried. Technical analysts, for example, may apply complex mathematical techniques in the course of prediction.

**Fundamental (shown left), technical (right) or quantitative (far right)? Which is the truest analyst of them all?**

ing share price patterns. Most fundamental analysts will pay some attention to stock price trends, relative strength trends in particular. Quantitative analysts like to have a foot in both camps; they will use whatever data is at their disposal - fundamental or technical - if it adds value to their computations.

The underlying distinction between the approaches relates to perceptions of stock market efficiency. Not efficiency in the sense of how well the trading mechanism works, but efficiency in the sense of how well new

information is disseminated and reflected in stock market prices. The evidence regarding efficiency is confusing and inconclusive. It does, however, at least indicate that the UK and other major stock markets around the world are largely efficient. This does not mean that the market always gets it right. But it does mean that it is extremely difficult to beat the market consistently.

There is a large body of evidence which suggests that prices follow a "random walk" around true values. Moreover, the evidence suggests that past price movements form no guide to future price movements. Taking this at face value, the implication is that fundamental analysts are wasting their time: prices at any time reflect all publicly available information and, broadly speaking, are "correct".

At this stage in the debate, self-respecting fundamental analysts throw their hands in the air in despair. It is they, the argument goes, who are creating any inefficiency in the first place; they are the first to spot any inefficiencies. If their role did not already exist, it would very quickly have to be invented.



tracking the supply and demand balances in the market they are, in effect, capturing the impact of all factors, both rational and irrational, on prices. Consequently, they are able to detect and predict

trends well before the fundamental analysts.

Quantitative analysts tend to stand back from this debate. On the whole, they do believe that stock markets are efficient - but only efficient to the extent that common practice allows and dictates. And this is the crux of the matter. Their aim is to achieve outperformance both by using superior techniques to those commonly applied and by applying discipline to the evaluation process. If these superior techniques become widely adopted, as one should expect over time, then quantitative analysts no longer have the edge. They are forced to move on to new techniques of ever-increasing complexity.

Although they are always striving for that upper edge, quantitative analysts do not regard themselves as a distinct breed. There is a huge area of overlap between their work and the work of fundamental and technical analysts. Nor do they deliberately shroud themselves in mystery. Most are normal, fun-loving people, ready at any time to exchange ideas and explain the rationale behind their approach to the investment business.

Their application of Chaos



Theory and the canonical form of the mean-variance selection model would provide an ideal way of introducing their craft, but as ever in the daily business press, space dictates that detailed techniques must take a back seat, what the investor really wants are "the facts".

Adrian FitzGerald

Adrian FitzGerald is Director of Quantitative Research at County NatWest WoodMac.

## AMERICA

## Dow falls in triple witching hour

## Wall Street

EQUITIES moved lower yesterday morning in a broad-based sell-off, due partly to technical factors and partly to a sagging bond market, writes Martin Dickson in New York.

The Dow Jones Industrial Average dipped 15 points in early trading but by 2 pm stood at 3,921.04, down 7.18 points. Trading volume on the New York Stock Exchange stood at about 125m shares, with declines outnumbering advances by 850 to 447.

The expiry of stock index options and futures, commonly known as the "triple witching hour," was a significant factor behind the decline. But equities were also led down by the bond market, which reacted unfavourably to a mass of economic statistics released yesterday morning.

May consumer prices went up 0.2 per cent on line with expectations, and the April trade deficit narrowed to

\$6.94bn, better than analysts had forecast. However, industrial production in May rose 0.6 per cent, compared with expectations of a 0.4 per cent increase.

The bond market, which had been hoping for an early cut in interest rates if inflation figures continued on an encouraging trend, took the data as a sign that the Federal Reserve would not make an early move to ease credit.

Among blue chips, IBM was unchanged at \$120.45 while General Motors dipped 3/4 to \$49.75. Ford was down 3/4 to \$45.45 and Chrysler lost 3/4 to \$35.

Both Ford and Chrysler were the subject of a credit downgrade late on Thursday by Standard & Poor's, the credit rating agency, because of intensifying competition in the US automobile industry. However, S&P reaffirmed GM's current ratings.

Reebok, the manufacturer of athletic gear, saw its shares rise 3/4 to \$18.75 following

Thursday's news, after the markets closed, that Pentland Industries of Britain was to sell its 31.5 per cent stake in the group. Reebok accompanied this announcement with a plan for a poison-pill anti-takeover defence.

Walt Disney also went against the market trend, rising 3/4 to \$121.14 on hopes that its new film, Dick Tracy, would be a box office hit. The film opened at midnight on Thursday to generally enthusiastic reviews and analysts said it might gross \$25m or better in its first weekend.

Bank stocks were under pressure, reflecting concern that loan problems could continue putting pressure on their earnings. An interview published yesterday with Mr Robert Moebacher, the Commerce Secretary, quoted him as saying that there was a serious credit crunch which extended beyond the real estate industry and appeared to be worsening. Among money-centre banks, BankAmerica

was off 3/4 at \$30.41, while JP Morgan dropped 3/4 to \$35.74.

**Canada**

TORONTO stocks steadied at their lower levels by mid-session, reflecting weakness on Wall Street. The composite index lost 12.1 to 3,555.0 on volume of 10m shares.

Air Canada lost C\$ to C\$99.4. The union representing the pilots, the Transport Union, said that it had reached a tentative contract agreement.

Fears that interest rates would rise again pulled bank shares lower.

**SOUTH AFRICA**

JOHANNESBURG remained under pressure after Thursday's slump, induced by the lower gold price. The JSE gold index fell 18 to 1,845, a 7.8 per cent drop, and the overall index eased 18 to 2,977. Vaal Reef shed R5 to R255.

## EUROPE

## Weakness in US weighs on bourses

CONTINENTAL bourses, disappointed by Wall Street's weak opening, ended mostly lower yesterday, writes Our Markets Staff.

FRANKFURT managed a small recovery, but trading was thin as many participants had not returned after Thursday's holiday. The DAX index added 4.87 to 1,792.26, down 1.7 per cent on the week, while the FAZ index, calculated at mid-session, lost 0.56 to 759.24, down 2.1 per cent on the week. Volume slipped to DM5.5bn from Wednesday's heavy DM10.7bn.

Bayer was the most actively traded stock, losing DM1.50 to DM292.50 with 2.8m shares traded.

Continental, the tyre manufacturer, continued to climb, adding DM7.10 to DM319.90. It was the second most actively traded stock with 1.2m shares changing hands.

PARIS fell back after three days of gentle gains, as Wall Street opened weak. Turnover continued to be thin and the

CAC 40 index lost 16.21 to 2,011.87, 0.5 per cent lower than the previous Friday.

Some recent winners went into reverse, with CCE losing FF7 to FF47.64 after Thursday's news that it had taken majority control of Framatome, the nuclear power plant supplier.

Suez dropped FF8.60 to FF47.30, ending above its low of FF47.30, in the day's biggest volume of 247,000 shares. Societe Auxiliaire d'Entreprises, the construction company which is opposing advances by Mr Michel Pelegrin, lost FF1.15 to FF11.55. Vallourec, the steel tube maker, lost FF1.80 to FF314.30 in the wake of Tuesday's warning of a fall in sales.

EDF Aquitaine rose FF1 to FF6.60 in light trading before saying that it would raise the nominal value of its shares and split them in two in preparation for their launch in New York next year. Saint-Gobain slipped FF5 to FF55, the glassmaker said that it did not

rule out a capital increase to finance its acquisition of Norton in the US.

MILAN finished lower as investors cashed in on the market's recent gains. The Comit index fell 5.95 to 757.57, but rose 0.7 per cent on the week. Montedison built on Thursday's gains, adding L30 to L2,115. Fiat was hit by profit-taking, falling L40 to L10,435.

Pirelli, the tyre and cable manufacturer, lost L35 to L2,005 following the company's prediction that growth would be only marginally higher next year due to increased international competition and a downturn in sales to South America.

STOCKHOLM recovered from early declines on a sharp drop in Swedish credit yields. The Aktievärlden General index gained 1.4 to 1,272.3, finishing little changed on the week. Saab free B shares rose SKr1 to SKr265 after announcing a 27 per cent increase in pre-tax profits in the first four months to SKr817m.

COPENHAGEN inched up to another record, rising 0.06 to 382.50, a gain of 1.6 per cent on the week. Insurers continued to attract buyers after the previous day's news that Hafnia Holding, up DKr3 to DKr728, had raised its stake in Balcas Holding, up DKr3 to DKr933, to 28.7 per cent.

AMSTERDAM ended lower as a short burst of afternoon selling orders coming from the options exchange weighed on prices. The CDS Tendency index closed 0.5 down at 120.0, little changed on the week.

MADRID declined in cautious trading; the general index fell 1.22 to 284.23, ending little changed over the week. Telefonica, the telecommunications group, added Ptas to Ptas45 after calling for a rise in telephone rates at its annual shareholders' meeting.

ZURICH slipped on profit-taking in response to the early fall on Wall Street, with the Credit Suisse index losing 0.7 to 659.4, but rising 1 per cent on the week.

## ASIA PACIFIC

## Lower yen pulls Nikkei down in thin trade

## Tokyo

INVESTORS were discouraged by the yen's fall and wary before the release of US economic data, and share prices finished the week with a loss in thin trading yesterday, writes Michio Nakamoto in Tokyo.

There was little trading interest and volume was sluggish at 450m shares. The Nikkei average sunk in a narrow range in negative territory for most of the day, after opening almost unchanged from Thursday's close. It moved from a high of 32,714.31 to a low of 32,536.92, before closing down 129.71 at 32,538.40, a loss of 1.4 per cent on the week. Declines led advances at 477 to 443, while 198 were unchanged.

The Topix index of all listed stocks lost 3.65 to 2,396.32 and in London trading, the ISE/Nikkei 50 index rose 3.77 to 1,750.00.

Investors shunned the first section in favour of the smaller second section and the over-the-counter market. The first section also came under pressure from index-linked selling, while the expected release

of the May consumer price index in the US after the close kept investors cautious.

Limited buying interest focused on issues with special situations. Pharmaceuticals made gains, with expectations that a company handbook being published today would report strong earnings estimates for the sector. A conference on cancer also attracted attention to pharmaceuticals.

Dainippon Pharmaceutical, which was actively traded, rose Y40 to Y3,210. The company has an anti-cancer product which is expected to win approval from the health authorities soon.

A newspaper report, saying that the US was seeking to make the subsidiaries of three Japanese electrical companies pay surcharge taxes, turned investors away from high-technology electricals. Of the three companies concerned, Toshiba and Hitachi each lost Y10, to Y1,110 and Y1,440 respectively, and Matsushita was unchanged at Y2,170.

Elsewhere, Minolta, the camera maker, fell Y30 to Y970 on reports that Honeywell of the US had asked the US International Trade Commission to

halt imports of a Minolta product, which it said infringed on Honeywell patents.

The market in Osaka was more energetic, with volume rising to 50m shares from Thursday's 40m. The TOPIX average gained 316.87 to 35,888.61.

**Roundup**

PACIFIC RIM markets had a mixed day, with Australia hit by the gold price, while New Zealand continued to celebrate the sale of Telecom Corp.

AUSTRALIA was hurt by another fall in the bullion price, and the gold stocks index dropped 3.64 to 1,504.1. The All Ordinaries index lost only 0.5 to 3,025.2, ending near the previous Friday's levels.

Volume was again boosted by National Australia Bank, which goes ex dividend on Monday. The stock was steady at A\$6.40, with 17.7m shares traded. A\$115.21m exchanged, out of a market turnover of 96m shares at A\$261m.

NEW ZEALAND rose in active trading after Thursday's news of the sale of Telecom Corp to a consortium for NZ\$4.28bn. The Barclays index

gained 22.24 to 1,809.97, a rise of 1.7 per cent on the week as turnover slipped to 14m shares valued at NZ\$288m from 9m and 12m on Thursday. Brierley Investments, which had also bid for Telecom, rose 5 cents to NZ\$1.90 on volume of 3m shares.

HONG KONG rose on speculation of an interest rate cut, with the Hang Seng index rising above the 3,200 level to 3,201.52, up 9.97 points on the day and 0.9 per cent on the week. Turnover grew to HK\$1.96bn from HK\$1.66bn.

Hong Kong Gas advanced on hopes that it would benefit from the development of land near Kai Tak airport, gaining 60 cents to HK\$23.30.

MANILA continued to rally after Tuesday's peaceful holiday, and the composite index added 26.58, or 3 per cent, to 887.98, an increase over the week of 15 per cent.

ALIBABA fell sharply in early trading, but closed above their lows in thinner volume. The weighted index closed 236.50, or 3.9 per cent, down at 5,965.82, having fallen 5.7 per cent earlier, before bargain-hunters moved in. The market fell 7.7 per cent over the week.

## LONDON SHARE SERVICE

## BRITISH FUNDS

1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568	567
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## LONDON SHARE SERVICE

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## LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT TRADES -

1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	9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## High Court backs Patten's poll tax capping

By John Authers, Michael Cassell and Norma Cohen

THE HIGH Court yesterday rejected an appeal by 19 local authorities for judicial review of the decision by Mr Chris Patten, the Environment Secretary, to "cap" their poll tax levels and budgets.

In a judgment which grants extensive discretion for ministers to limit local authority expenditure, Lord Justice Goff said that "excessive" spending could be defined as any expenditure Mr Patten considered to be more than it should be.

The Court said that under the legislation, the minister is not required to give reasons for cutting local expenditure "on the grounds of natural law or procedural fairness."

The decision was immediately welcomed by Mr Patten, who will cite the judgment in his efforts to convince the Prime Minister that new legislation to curb local authority spending will not be necessary.

He said the ruling supported his decision to help a poll tax, or community charge, payers "who have been suffering the consequences of excessive local authority budgets."

Other ministers greeted the announcement with relief. One remarked: "It's one small but very welcome victory at a crucial time."

A ruling against the Government would have proved profoundly embarrassing, with ministers warning against a July deadline to formulate proposals intended to mitigate the worst effects of the poll tax.

"I had one man in here who, after reading the form I'd given him to fill in, just threw it in my face and walked out."

Poll tax takes Lambeth to the limits — Page 4

It would also have strengthened Mrs Margaret Thatcher's hand in insisting that there should be a bill to extend charge-capping powers. Mr Patten and several other ministers argue that such a move would undermine the central issue of accountability and pose a threat of damaging legislative amendments from both sides of the Commons.

Labour acknowledged that its own efforts to establish an alternative to the poll tax were now centred on whether it should be based on capital values of property, originally favoured by the leadership, or on rental values, implying an updated system of domestic rating. The party stressed, however, that no final decisions had been taken.

Mr Bryan Gould, Labour's environment spokesman, said that the Government had won a narrow legal victory, but had lost the political argument. He added: "Councils forced to meet the caps will now face chaos and cuts."

Members of the councils bringing the action, none of them Conservative-controlled, reacted angrily to the judgment. They will take the case to the Appeal Court, where it will be heard on Tuesday next week. Ms Margaret Hodge, the leader of the Labour-controlled Association of London Authorities, described the judgment as an appalling indictment of British democracy. "Chris Patten can completely arbitrarily decide what is excessive," she said.

Sir Jack Layden, the chairman of the Association of Metropolitan Authorities, also controlled by Labour, said the judgment proved that the Government had centralised power to an unprecedented extent. "Its defence of poll tax — making councils more accountable to their electorate — is shown to be a nonsense," he said.

Capping has already weakened the councils' cash flow, as charge-payers have been reluctant to pay while the level of the poll tax is in doubt. Mr Neil Byers, deputy leader of North Tyneside Council, said his council's revenue was about £750,000 below its projected level by this stage.

The costs of re-billing, as the councils had already posted demands for their original poll tax levels, were estimated by Ms Hodge at around £5 per charge-payer.

The court also rejected an argument that capping contradicted a requirement of the Education Reform Act that schools be informed of their budgets by the beginning of the financial year.



Sit down protest: Mr Joseph Markus, of Hackney makes an anti-poll tax point outside the High Court yesterday

## Trusting to luck and the ERM

As the week's sharp rise in sterling and gilts suggests, it is ERM time again in the London markets. This looks particularly odd in the light of yesterday's inflation figures. The official position is that the UK will join when its core inflation rate is in line with that of its neighbours. The May figure excluding mortgages, rates and poll tax was 7 per cent against 5.5 per cent in April. The going rate among existing ERM members is under 4 per cent and probably falling.

The lack of reaction in sterling in particular is evidence of how far the Government is committed to entry later this year. As far as the markets are concerned, the economic fundamentals no longer matter; membership will take care of all that.

Even if one accepts the proposition, there is still an immediate problem of valuation. If sterling can never again fall from these levels, sterling-denominated instruments ought to be worth more than they were a month ago. But there are no rational grounds for saying how much more.

This is not merely because the timing, the level and the band have yet to be determined. The immediate revaluation only holds good for overseas buyers, since it turns wholly on the removal of the currency risk. Foreign holders of UK gilts and equities are a small and ill-identified proportion of the whole.

Their demand for stock is not being satisfied at present by the UK institutions, since most of them were caught short and over-liquid when the market turned upwards six weeks ago. The time to watch for is when that imbalance corrects itself.

There are many questions yet to be properly explored by the market: what the outlook is for individual sectors when the ERM crunch comes, whether, if inflation really is to be conquered, equities still deserve their traditional valuation against gilts. But these are longer term issues. At the moment, a more pressing concern is that, in a curious inversion of the natural order, London brokers are finding their clients more bullish than they are.

The Prime Minister came up with £5m over three years to help British producers trying to set up European co-productions. The amount matches the £1.5m a year already available for indigenous British productions through British Screen Finance, the private sector film financing organisation.

The funding was announced after a leading cast from the industry, including Oscar winners Sir Richard Attenborough and Mr David Puttnam, told Mrs Thatcher in a Downing Street session that the British film production was at an all-time low. Less than 30 films were made in Britain last year.

The money was part of a package that includes setting up a working party chaired by the Department of Trade and Industry to see how more private sector finance can be attracted to the industry.

Film makers will also be reporting to Treasury ministers on changes they believe are needed to the tax regime for films. The industry has been pressing for accelerated write-offs for film spending, reduction of the withholding tax on foreign actors and modifications to the Business Expansion Scheme (which grants tax concessions to small investors) to make it more suitable to finance feature films.

Mrs Thatcher said: "One of our objectives today must be to understand more clearly how risk capital can be attracted back into British film production."

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He said: "Because I wasn't asked, darling." Sir Richard added.

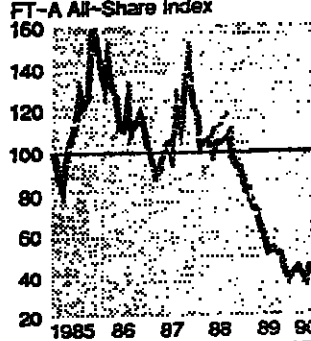
But the scale of the funding crisis in the British industry was vividly expressed by director John Boorman, another of the visitors to Downing Street. Money for his very British film *Hope and Glory*, about the London blitz, had come from 14 countries but none from Britain.

He even got £500,000 from Germany "the people who were bombing my characters."

FT Index fell 2.7 to 1,925.9

Smith New Court

Share price relative to the FT-A All-Share Index



trous slide into loss; and last year's profit figure would have been almost twice as high had it not been for the £12m or so lost on the ill-fated Ferranti stake. Smith argues that since only half its business is now in market-making — and half is overseas — its quality of earnings is better than before. But against that is the increased risk of the ever larger positions it has to take on to defend its position as one of London's three dominant market-makers.

Then again, there is little doubt that Smith ranks by now with Warburg and Cazenove in having found an answer to the strategic challenge of Big Bang. The more into research is broadly established; the next emphasis is on corporate broking, the aim being to take on Cazenove in servicing the remaining independent merchant banks.

The historic multiple on the shares at 105 is just over six, which might seem generous for a company with such a burly recent history. The longer term case is that when the balance of power in the securities business swings back from client to supplier — as eventually it must — Smith is more likely to benefit than most.

Pentland

The sale of Pentland's stake in Reebok marks the inevitable end of one of the most successful venture capital stakes in history. Pentland's original holding cost it £77,500; its remaining stake is worth around \$650m. But following the ending of the trading relationship with Reebok, Pentland has become a passive investor in a low yielding foreign company.

The ACT difficulties caused by having its main profit earner outside the UK had

already necessitated one corporate restructuring — the reverse takeover by Bertrams Investment Trust last year — to generate some cash for shareholders. And in spite of its efforts to diversify, the group was capitalised at a 28 per cent discount to the value of its Reebok stake alone. Once the sale is completed, around 80 to 90 per cent of the group's market capitalisation is likely to be in the form of cash; the shares jumped 25 per cent yesterday as some of the discount disappeared. Shareholders now have to judge whether the company can make anything like as successful an acquisition again. Its previous attempts to acquire another business to balance Reebok, notably the attempted purchase of Parker Pen, have ended in failure.

The precedents for companies with large cash piles for acquisitions are not encouraging — remember TSB. And if Pentland tries to replicate the Reebok approach by buying a large number of stakes in small companies, all that will emerge is an investment trust without the tax breaks.

Globe

It would have set all sorts of unfortunate precedents if the Government had bowed to the heavy behind-the-scenes lobbying and blocked the £1bn bid for Globe investment Trust. It is one thing to debate whether the nationalised industry pension funds should retain their tax advantages. It is quite another for an institution supposedly representing the interests of the small investor to try to prevent them receiving an offer just because the management does not like the look of the bidder. It is the kind of behaviour which gives the investment trust industry a bad name.

Cosy management structures and protective cross-shareholdings do not encourage superior performance. The long term interests of investment trust shareholders, if not the managers, would be better served if more predators followed the British Coal pension funds' example.

That said, the market has risen by 9½ per cent since the Globe bid was launched, which suggests that a new offer should be pitched around the £2.10 per share mark. Of course, this could all change if the FTSE were to shed 150 points before the end of the offer. But even the coal men would not suggest they are that prescient.

## Trump misses payments on publicly traded debt

By Roderick Oram in New York

MR DONALD TRUMP, the embattled New York financier, yesterday missed two out of three interest payments on his publicly traded debt amid signs that he faces deepening financial problems.

There were also signs last night that the developer was facing growing resistance from some banks to lending him more money and to rescheduling his \$2bn of bank debt.

The Trump Organisation, his master company that operates out of Mr Trump's gilded Fifth Avenue skyscraper, said its negotiations with banks were continuing. Pending the outcome, it would not make payments due yesterday on two bond issues by the Trump Castle, one of his Atlantic City casinos. The total amount on three payments due yesterday was about \$30m (£21.5m).

Mr Trump had reached tentative agreement early this week with his four lead New York banks — Citicorp, Bank-

ers Trust, Chase Manhattan and Manufacturers Hanover — to borrow an additional \$50m to cover the \$30m interest payments due and other expenses.

But he could not finalise the deal in time because some small banks which have participated in the original loans are holding out for more generous terms. Several, particularly in New Jersey where Mr Trump's casinos are located, want the New York banks to buy back their share of the loans.

Of the four lead banks, Citicorp is reportedly having the most difficulty in getting small banks in its syndicate to agree to the refinancing package. Under tentative terms, Mr Trump would give up to the banks some equity interest in some of his properties in exchange for a moratorium on interest payments.

The lead banks hope such a deal would give him time to put his finances on a sounder footing.

## Soviet Union wipes \$50m off its arrears

By Peter Montagnon, World Trade Editor

THE Soviet Union has suddenly started to make good some of its late payments to British companies with a flow of money estimated to have reached about \$50m (£29.5m) in the past week, bankers and businessmen said yesterday.

The increased payments, after delays of several months, coincided with the British trade fair in Kiev, the most ambitious export promotion effort ever staged by the UK in the Soviet Union.

The Soviet Union has piled up debts to Western industrial nations of some \$2bn this year because of administrative confusion and the country's growing economic difficulties. This has undermined its international credit standing, forcing it to pay significantly more for foreign borrowing.

If payments are maintained at their new level, outstanding arrears to British companies could quickly disappear.

However, the flow remains patchy with large debts still outstanding, particularly to small exporters as well as to

commodity brokers. Imperial Chemical Industries, which faces arrears of about £1m, said it was "not aware of any material change in the situation," but Courtauld is understood to have received a significant payment this week and the Department of Trade and Industry said the situation was improving.

"We are grateful for the effort the Soviet authorities are making to return to the traditional position in which they are well-known for their good payment record," a senior official said.

Bankers said it was still not clear whether the increase in payments this week was a one-off gesture in response to the Kiev fair or whether it was the start of a trend that also would lead to a speedy settlement of outstanding debts to other countries.

The Soviet Union, which has been swapping gold with Western central banks to raise liquidity to meet its debts, has promised once again to return to the West by the third quarter.

## PM throws £5m lifeline to British film industry

By Raymond Snoddy

MRS Margaret Thatcher may not be keen to subsidise a high-speed rail link for the Channel tunnel but yesterday she found some public money for a more glamorous form of communication — the British film industry.

The Prime Minister came up with £5m over three years to help British producers trying to set up European co-productions. The amount matches the £1.5m a year already available for indigenous British productions through British Screen Finance, the private sector film financing organisation.

The funding was announced after a leading cast from the industry, including Oscar winners Sir Richard Attenborough and Mr David Puttnam, told Mrs Thatcher in a Downing Street session that the British film production was at an all-time low. Less than 30 films were made in Britain last year.

The money was part of a package that includes setting up a working party chaired by the Department of Trade and Industry to see how more private sector finance can be attracted to the industry.

Film makers will also be reporting to Treasury ministers on changes they believe are needed to the tax regime for films. The industry has been pressing for accelerated write-offs for film spending, reduction of the withholding tax on foreign actors and modifications to the Business Expansion Scheme (which grants tax concessions to small investors) to make it more suitable to finance feature films.

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CHIEF PRICE CHANGES YESTERDAY			
FRANKFURT (Dm)			
Brown Boveri	940	+	20
Hochtief	1390	+	30
Süd-Chemie	715	+	15
PARIS (FFr)			
Coglif	458	+	10
Eurochemie	3680	+	130
Lonrho	497	+	10
LONDON (Pence)			
British Airways	218	+	5
Philip Morris	553	+	27
Springer-Vig	705	+	27
NEW YORK (\$)			
Chrysler	131½	+	2½
Reebok	18½	+	½
Ford	15	+	¾
Gen Motors	49½	+	½
JP Morgan	35½	+	½

New York prices as at 12.30pm.

LONDON (Pence)			
BAT Ind.	653	+	6
Blue Circle	259	+	14
Capital Radio	203	+	8
Pentland Grp.	95	+	19
Reuters	1294	+	44
Smith New Court	105	+	4
Tomkins	316	+	11
Tozer Kemley	143	+	28

## WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Algeria	24	10	Partly	London	18	10	Partly
Amsterdam	17	10	Partly	Madrid	24	10	Partly
Antwerp	17	10	Partly	Moscow	24	10	Partly
Bahia	24	10	Partly	Paris	18	10	Partly
Batavia	24	10	Partly	Rome	24	10	Partly
Bombay	24	10	Partly	St. Petersburg	24	10	Partly
Buenos Aires	24	10	Partly	Tokyo	24	10	Partly
Calcutta	24	10	Partly	Washington	24	10	Partly
Canton	24	10	Partly	Yokohama	24	10	Partly
Cebu	24	10	Partly				

C-Cloudy, D-Drizzle, F-Fog, G-Fog, H-Hail, R-Rain, S-Sunny, T-Thunder, T-Hot, T-Tornado

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## Romania Continued from Page 1

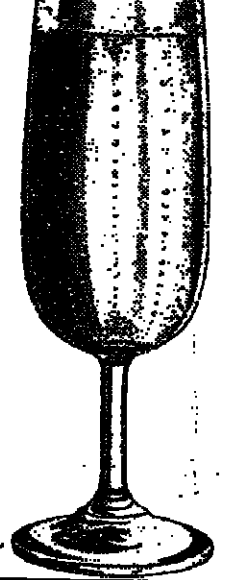
He denied that the government had made a direct appeal to the miners to come to Bucharest. Mr Iliescu had made a general appeal to the people asking them to come on to the streets to defend the revolution, he said.

Having arrived in the capital, the miners had been asked

to go to University Square to keep the peace while the area was cleaned, he said. He acknowledged that the Government had subsequently provided them with food.

Miners' leaders say they were not responsible for much of the violence but the eyewitness evidence is overwhelming.

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# Weekend FT

SECTION II

Weekend June 16/June 17 1990

"A quarante-neuf ans, j'entraîs dans l'histoire, comme un homme que le destin faisait hors de toutes les séries." (At 49, I launched into the unknown, like a man whom fate had cast in a class by himself, apart from all others.)

**S**O GENERAL Charles de Gaulle, described in his war memoirs, the extraordinary turn which his career took 50 years ago this weekend. Until then he had been known only to a narrow circle of soldiers and politicians interested in military theory. From then he was condemned, in his own words, "to assume the destiny of France."

It was as "the man of June 16" that his supporters were to hail him throughout the 30 years of extraordinary public life that lay ahead. Twice in those 30 years de Gaulle was to transform France's fortunes, and especially her image in the outside world. Between 1940 and 1945 he led her from a defeat so decisive and humiliating that it seemed inconceivable she would ever again be a world power, whatever the outcome of the wider war, to acceptance as one of the "Big Four" in Europe, and one of the five permanent members of the UN Security Council. Between 1958 and 1969 he turned the sick man of Europe, sapped by a colonial war which shifting coalition governments could neither win nor bring to an end, into a stable democracy with one of Europe's most successful economies.

He left public life finally on April 29 1969, resigning abruptly when the result of a referendum showed that he no longer had the majority of the French people behind him. (Death was to follow 18 months later, on November 9 1970 - a fortnight before his 80th birthday.)

Between then and today a further transformation was to occur, in de Gaulle's own reputation. In the late 1960s, the last years of his rule, when I began my career in Paris, de Gaulle was an intensely controversial figure both in France and abroad. At home he was bitterly opposed by the left as an authoritarian conservative. The leader of this opposition, François Mitterrand, actually wrote a book denouncing the Fifth Republic as "a permanent coup d'état." Abroad de Gaulle was reviled, at least among France's allies, for taking his country out of NATO's military structure, attacking the role of the dollar in the world economy, blocking British membership of the EEC, campaigning against American influence in Europe, siding with the Arabs in the Six-Day War, and backing separatism in Quebec.

Today in France no-one questions the powers of the President. France is the man who makes France a peculiarly valuable ally. The Franco-German friendship which he forged with Konrad Adenauer, the West German Chancellor from 1948 until 1963, remains the bedrock not only of French foreign policy, but of all the current efforts to integrate a

united Germany into a united Europe. The justice of de Gaulle's criticisms of the Bretton Woods monetary system, and of the Vietnam War, has long since been recognised by the US itself. The grievances of the Arabs over Israel's occupation of their territory have also gained much wider international support. Even the special character of Quebec has been formally recognised in the Canadian constitution.

The man of June 16 1940 certainly deserves to be remembered, in this year which also marks the centenary of his birth. But who was he? Foreign champion in France of the idea of a professional, highly mobile and mechanised army, against the prevailing doctrine of a massive defence line manned by conscripts, he was promoted *Océral de Brigade* (equivalent of a British Brigadier) only in May 1940, in the midst of the German blitzkrieg which, too late, was proving him right; and was brought into the government, as under secretary of state for national defence, on June 6.

**D**uring his 11 days in government he was occupied mainly with the effort to keep the Franco-British alliance alive, and took part in four emergency meetings with Churchill. At the last of these, which occurred in London 50 years ago today, he persuaded Churchill to make the dramatic offer of a complete union between the two countries; only to find, on his return to Bordeaux that night, that the French government of which he was a member had resigned.

That deprived him of any official status: he was an officer without a command, in an army which had just been routed, and a politician without office, in a state that was preparing to capitulate. With 100,000 francs of French secret service money, given him by the outgoing prime minister, he returned to London in a British aircraft, saw Churchill again and asked for airtime on the BBC. On the night of the 17th the new French government of Marshal Pétain requested an armistice, and the following evening de Gaulle broadcast his "appeal to the French."

"Believe me," he declared. "I know what I am saying and I tell you that nothing is lost for France. The same means that have beaten us on one day bring us victory... I, General de Gaulle, now in London, invite the French officers and soldiers who are or may come to be on British soil, with or without their weapons, and the engineers and specialised workers of the munitions industries... to make contact with me. Whatever happens, the flame of French resistance must not and will not be extinguished."

He spoke in no-one's name but his own, for no-one had mandated him to speak. Indeed on that day few people heard him. In the chaos of a dark, rainy France, few people thought of tuning in to the BBC and the BBC itself did not bother to record the broadcast. De Gaulle had to go back to Broadcasting House a few days later to make a tape for the archives.

It was the very fact of his obscurity and almost complete isolation



## When fate cried out

Edward Mortimer reassesses the life of General de Gaulle

on June 16 1940 that gave both the date and the man their historic quality. By 1944 it was more or less true, as de Gaulle was to write, that "France as a whole now wants only her liberation." But who else, besides de Gaulle, could claim that their faith in that goal had never wavered, that they had not taken at least a few weeks or months after the defeat to recover their nerve, and to decide what course of action was required of them?

"Yet there was the text of de Gaulle's appeal, with the date on it, showing that even before the armistice was signed he had known that he must carry on the struggle, never doubting the ultimate outcome. Almost alone, in the anguish and bitterness and panic of defeat, he had been able to see things in proportion. Incidentally, it was this very lucidity and confidence about the ultimate outcome of the war that was to make de Gaulle such an awkward ally. He took it for granted that Hitler would be defeated, and he knew that this did not depend on the contribution to be made by French forces. He

wanted that contribution to be as great as possible for the sake of French power, prestige, and above all self-respect, in the post-war world. The danger he saw was not that Hitler might win but that the Allies would take France for granted and ignore her interests. It was not enough that Britain, or later the US, should make use of French talents and French resources in pursuing the struggle against the common enemy. France, even though defeated and occupied, had to be seen to take part in the struggle in her own right, as a proud and independent power, united behind a single leadership. That leadership fell to him because, in June 1940, he was the only person willing to assume it. "Devant le vide effrayant du renoncement général, une mission m'apparut, d'un seul coup, claire et terrible. En ce moment, le pire de son histoire, c'était de moi d'assumer la France." (In the fearsome void left by the general desertion, my mission stood out with a sudden and terrible clarity. At this moment, worst of any in her history, it fell to me to assume

the destiny of France.) Having once decided that, he had to insist on his exclusive right to represent France within the Allied camp, and to issue orders to French soldiers and citizens. The picture of a solitary combat against predatory allies and self-serving rivals which he paints in his war memoirs is based on the historical facts, but heightened because the picture itself was part of Gaullism's self-justifying myth: "la France est contre tous." Thus de Gaulle frequently expresses admiration, and sometimes gratitude, towards Churchill, but he never really admits how much France's recovery of world power status at the end of the war resulted from deliberate British policy. He was deeply chagrined at not being invited to the Yalta summit in February 1945, and in later years he assiduously cultivated the myth that Yalta had been the origin of "the policy of blocs," by which the rival superpowers cynically divided Europe into spheres of influence. Yet it was at Yalta that Churchill persuaded a reluctant Roosevelt and even more reluctant Stalin to accept France as one of the four occupying powers in postwar Germany.

granted that nation-states are the main actors in the international system, that they define the primary identity of individuals and should be the primary focus of their loyalty.

Only two nations in Europe, in his view - France and England - had a clear enough historical and geographical identity to play this role satisfactorily. (He allowed Holland as a possible third, but Holland was not big enough to be really interesting to him.) Most of Europe's problems, he thought, resulted from the lack of such clearly defined nation-states, and particularly from the amorphous nature of Germany, a half-formed nation without proper frontiers, condemned to trample on others in its restless search for its own identity.

Yet on his return to power in 1958 de Gaulle seems to have concluded that in the post-war world the main threat to France's independence came no longer from Germany but from domination by the two super-powers. Not that he put the two on the same level. So long as Europe was divided, France clearly belonged on the Western side; for that very reason, her immediate preoccupation had to be with defending her independence against US hegemony. Of course, subjection to Soviet hegemony would have been far worse. But that was not the question, any more than the question in 1940 had been whether to fight Germany or not. The basic alignment being given, the task of the national leader was to guard against the encroachment of his allies on national sovereignty.

De Gaulle shared the anticipation, Thatcher's deep dislike and contempt for supranational institutions such as the Brussels Commission. But he came to see European unity as something necessary to free Europe from the US, and also Soviet, domination. He wanted a European "police" by which he meant one capable of acting independently - above all from the US.

If de Gaulle were alive today, he would rejoice at the dissolution of "the Europe of Yalta." He would welcome the recovery of independence by East European nations, especially those traditionally allied to France such as Poland, Czechoslovakia and Romania. He would probably seek, as François Mitterrand is doing, to bind the resurgent Germany more closely to France and other European nations. He would worry about the apparent collapse of Soviet power and its effect on the European balance. He would probably want to keep some US forces in Europe as a counterweight to German power, but he would be intensely suspicious of US policies and wary about the apparent institutionalisation of the Helsinki process, which he would see as aimed at prolonging American hegemony and extending it to the entire continent.

And when he learned that Thatcher was proposing a role for the dollar in the European Monetary System, and a free trade area between North America and the European Community, he would reflect once again how right he had been to keep Britain out of Europe, and how foolish his successor Pompidou had been to let her in.

## Acacia Avenue grapples with the ERM

**THROGMORTON STREET'S** professional investors are wildly enthusiastic about the forthcoming entry of the UK to the Exchange Rate Mechanism of the European Monetary System - an event now pencilled in by my better-informed colleagues for September or October. But how should such a move be greeted by the property owners in Acacia Avenue?

After all, the health of the housing market affects the political pulse of the country much more strongly than any antics involving stocks, bonds or currencies. Everybody assumes that mortgage rates must be trimmed by several notches ahead of the next General Election. So the ERM will pave the way for cheaper loans, demand will recover smartly, and house prices will stage a vote-catching recovery: average earnings, perhaps the most important ultimate determinant of house prices, have been rising briskly.

But just wait a minute. Surely it is a topsy-turvy argument to suggest that the ERM could be good for house prices. I have always had the impression that a fundamental reason for Margaret Thatcher's dogged opposition to ERM participation has been her fear that the brutal disciplines of the Bundesbank would knock the stuffing and the votes out of the British housing market.

It is wise to remember that we got here through a mortgage explosion. House prices rose faster than general inflation during the 1980s, and the personal sector's gross invest-

ment is now worth £1,000bn - representing nearly half of all personal wealth. It has been a wonderful ride for those at the front of the gravy train, but it is dreadful for those still trying to clamber on at the back. Yet they cannot be helped, because the inflated asset values which give such a warm feeling to the bulk of the population are politically sacrosanct (and are increasingly vital to the health of the lending institutions).

From some £7bn in 1980, annual net lending by banks and building societies for house purchase peaked at £33.5bn in 1988, and although it slipped back to £31bn last year the £3.6bn lent in the first quarter this year showed that the great credit machine is still running at quite close to full throttle. And no wonder, since even if new buyers are inhibited by high interest rates, the personal sector has something like £750bn of net equity locked up in housing which many people would like to release through re-mortgaging.

So we are faced with the great ERM paradox. Entry is popularly supposed to make possible a drop in interest rates encouraging a renewed upturn in lending. But credit growth within the ERM will surely have to be brought right down into line with that seen in Continental Europe; if so, growth in M4, or "broad money," must decelerate from a rate of £70bn a year to something under £20bn, which would scarcely be enough to cope with the voracious borrowing needs of a buoyant

### The Long View



**Entry to the ERM would pose a teasing paradox in its impact on the future health of the UK housing market**

housing market, let alone with credit demands in the rest of the economy. It seems that £30bn a year of new credit can scarcely sustain house prices: values have sag-

nated (or worse) in the south for two years now, implying a fall in real terms of some 15 per cent (or worse if you are a forced seller). Heavy mortgage lending is needed to finance the sale of property at high prices from one generation to the next, so what would happen if the flow of credit were cut to, say, £15bn or £20bn?

On a purely domestic view it would scarcely be possible to bring interest rates down at all. But financial innovation is a rapid process. Within the ERM, D-mark-denominated mortgages would become much less risky than they are now, and a flood of DM lending at 10 per cent rather than sterling, lending at 16 per cent would surely ensue. Alternatively, mortgages based on the bond market rather than on short-term deposits would become much cheaper. High short-term sterling rates might therefore become increasingly irrelevant to the housing market.

All the makings would be there of a dangerous temporary house price bubble which could only be headed off by structural changes. For instance, tax relief on mortgage interest could be withdrawn on the excuse that borrowers were benefiting from a sharp fall in interest rates and no longer needed a tax subsidy. But this surely could not happen before an election.

It is a question - as with the unsustainable rate of pay increases - of how quickly ERM participation will change attitudes in Britain, and what

sort of economic shocks might be necessary to do the job. With pay, the historical evidence is that only a sharp rise in unemployment will jolt union negotiators away from their RPI-plus demands. As for house prices, buyers will have to become aware that they could make substantial losses by buying over-priced property in a low inflation environment. This process of education could be cushioned by curbs on the availability of credit, but that is not part of this Government's philosophy. Home owners may have to learn the hard way - although in a speech on Thursday Robin Leigh-Pemberton, Governor of the Bank of England, hinted at a campaign to curb the credit-free-for-all.

copy the population at large is still hooked on the idea of housing as an investment - as a personal profit centre rather than a cost centre - but from a national viewpoint housing cannot be wealth-creating. High property values undermine international competitiveness if it is impossible to avoid the consequences through devaluation. Houses cost only half as much in France, and that will eventually cause people and economic activity to shift across the Channel, within the context of a monetary union.

In the medium term house prices in the UK must come down in real terms. But the adjustment to the realities of the ERM is not likely to be at all smooth. There could be plenty to talk about around those Acacia dinner tables.

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## MARKETS

LONDON

# Footsie follows in football's footsteps

## FINANCE &amp; THE FAMILY: THIS WEEK

## Fair exchange — or robbery?

Sara Webb compares the exchange rates offered by the major credit cards when you use them abroad — and finds some of them wanting. Plus Christopher Hill on the problems of getting permission to live abroad. Page IV

## Door is shut on tax loophole

The introduction of the community charge in the UK is likely to have a nasty side-effect for those employees who live in company accommodation and thus enjoy one of the few remaining under-taxed perks. David Cohen reports. Page VI

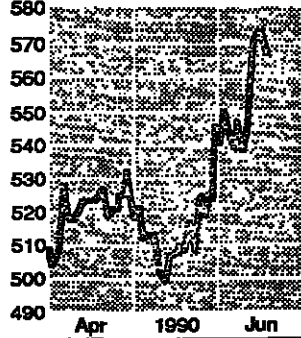
## Minding Your Own Business

Roy Hodson meets a trio of contented entrepreneurs who run their own train tours through the Scottish Highlands. Plus Jessica Alexander on a businessman who found a niche in the niche sector and Verina Gleason on a specialised small company. Page VII

## BRIEFCASE: The security of offshore accounts — Page VI

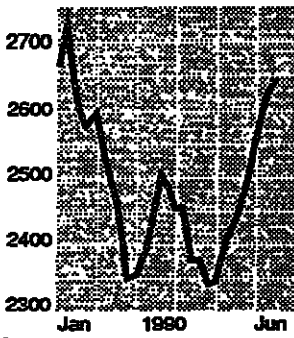
## British Aerospace

Share price (pence)



## Electricals

FT-Actuaries Index



## Profits upgrading lifts British Aerospace

British Aerospace moved strongly ahead last week following a profits upgrading by Hoare Govett, the company's broker. BAE closed 25p higher on the week at 566p. Mike Tamin at Hoare Govett said the impact on profitability of the recent industrial dispute between BAE engineering workers and the company had at first been difficult to predict. However, it had now become clear that BAE was making a strong recovery. Tamin said he had raised his profits forecast for the current year to £335m from £285m. *Jim McCallum*

## Bumpy ride for electrical stocks

Electrical stocks had a bumpy ride as results from the Racal twins, Electronics and Telecom, and Cable and Wireless led to some cautious forecasts from analysts. The Racals were hardest hit. Profits were a little below expectations and analysts duly lowered their forecasts for the current year. Cable and Wireless's figures were what was expected and most researchers were content with their forecasts. The problem with the three companies is that as highly rated growth stocks the shares carry appropriately high price tags. If the profits they produce are only "all right" the shares are perceived as expensive and underperform the market. This week all three retreated — against the market trend. *Daniel Green*

## Building Society complaints rise

The number of complaints to the Building Society Ombudsman jumped to 2,021 last year from 1,217 in the previous year. Many of the complaints — 548 in all — were linked to Abbey National's flotation in July last year. If you have a complaint about Abbey National which falls inside the Building Society Ombudsman's terms of reference, it can still be dealt with provided that you lodge it before June 30 this year. Of the total 2,021 complaints only 44 ended with a ruling wholly in favour of the complaint, though many others were amicably resolved along the way. Cash machines and insurance continue to be the main topics taken to the Ombudsman.

■ Building Societies Ombudsman, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1X 7AW; tel: 071-931-0044. *David Barchard*

## Remember your gas vouchers . . .

If you still have your gas bill vouchers from the time of the British Gas privatisation, remember that you have to use them before September 30 as they will no longer be valid after that date. When British Gas was privatised, investors buying shares could choose whether they wanted to receive vouchers for paying off their gas bill. However, of the 2m vouchers issued, 50,000 vouchers still have not been used. If you cannot recall receiving or using your voucher you can check whether you are entitled to one by telephoning the British Gas Enquiry Line on 0272-294188 or by writing to the National Westminster Registrars, Registrars Department, Caxton House, PO Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ. The enquiry line is open from 8-5 on weekdays and 8-12 on Saturday. *Sara Webb*

## Stockbroking team moves

The private client stockbroking team at Kitcat & Aitken moved to Henderson Crosthwaite this week. Stockbrokers Kitcat & Aitken, one of the best-known stockbroking names in the City, were closed by the Royal Bank of Scotland earlier this month. Nicholas Bagshaw, who headed their private client business, and his team of four stockbrokers who looked after about 1,000 private clients, have now joined Henderson Crosthwaite, a subsidiary of Guinness Mahon, which claims to be one of the five largest private client brokers in the UK. *Sara Webb*

## New account from NatWest

NatWest launched its Card Plus account this week, a cash card-based interest-bearing current account which pays 6 per cent per annum. There is no minimum balance requirement and no overdraft facility. NatWest is hoping to woo school-leavers by offering them free album vouchers worth £12. The account is also open to 13- to 15-year-olds, although they will not be allowed to have a chequebook or Servicecard (the combined cheque guarantee and cash withdrawal card). *Sara Webb*

WITH THE pick of the world's footballing nations (and Scotland) beginning their quadrennial quest for fame in Italy, it was perhaps fitting that the UK stock market should this week exhibit some of the most familiar and maddening traits of Bobby Robson's England XI. Like England, the market flattered to deceive that it could compete at the highest level, climbing on Thursday morning to within 40 points of the all-time peak of 2,463.7, attained on January 3. But, jolted by a turn for the worse on Wall Street and the higher-than-expected rise in the Retail Price Index for May, its performance at the tail end of the week was disappointing. Satisfactory US trade figures released early Friday afternoon at least helped to ensure that the FT-SE 100 Share Index's overall weekly advance was maintained at respectable levels.

After an extraordinarily buoyant May (analogous to

England's recent 17-game unbeaten run) and a solid early June, an own goal was registered on Monday when the first of the week's economic releases pointed to a sharp rise in domestic retail sales. Fortunately, an unexpectedly firm opening on Wall Street paved the way for a late equaliser and the FT-SE 100 Share Index closed an unremarkable 17.8 down at 2,348.8.

It was a *Financial Times* report the next day that an early entry into Europe was under preparation that really set the ball rolling. The report stated that the British Government was preparing to take sterling into the European Monetary System's exchange rate mechanism in September or October. The effect was immediate and quite dramatic, with Footsie following the pound and gilt-edged bonds to higher ground.

The momentum was sustained on Wednesday, with Footsie achieving its first close-

ing level above 2,400 in more than five months. A welter of favourable factors, ranging from helpful economic statistics to better-than-expected corporate results, combined with the residual impact of the ERM rumours to propel the market forward. Volumes were much improved too.

However, whereas Wall Street had ridden to the rescue on Monday, it became the villain of the piece three days later, jolting London's early self-assurance through an abrupt initial fall. In the end, Footsie maintained its precarious perch above 2,400, closing down 2.4 at 2,403.0.

The bearish tone immediately reasserted itself on Friday, however, sustained by the worrying 9.7 per cent advance in the May RPI, and the market closed at 2,392.3 — down 10.7.

At the end of the week, the consensus in terms of the driving forces behind stock market sentiment was that little had

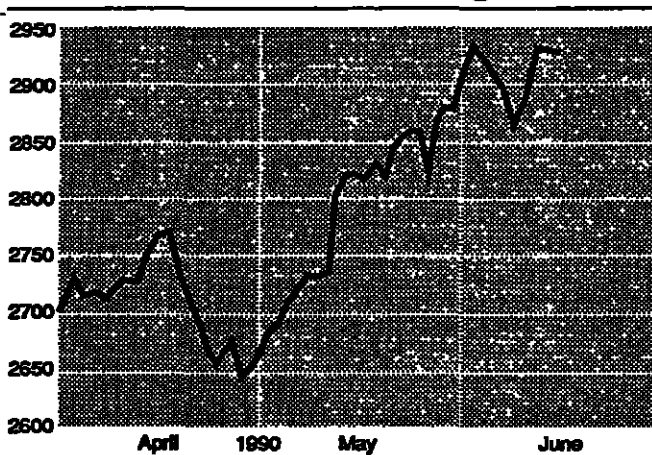
## HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2392.3	+25.7	2463.7	2103.4	UK ERM entry speculation
Alexon	493	+45	493	392	Analysts upgrade after results
Bowater	545	+24	558	414	Further consideration of rights issue
Devenish (JA)	185	-17	286	163	Poor figures
Fisons	355	-19	389	316	Analysts' caution on drug prospects
Flexello Castors	98	-48	176	88	Interim loss
Granada	254	-24	357	218	Bid talk denied/stock split
Pittard Garner	125	+19	141	90	Strong & Fisher bid speculation
Racal Electronics	204	-10	258	180	Analysts downgrade after results
Reuters	1294	+91	1305	970	US stock exchange deal imminent
Saschli & Saschli	911/2	-111/2	275	81	Line of stock on offer
Strong & Fisher	31	-4	140	25	Might bid for Pittard Garner
VPI	16	-4	75	151/2	Interim loss
VSEL Consortium	388	+50	400	276	Increased profits
Vesper Thornycroft	257	+34	258	209	Better-than-expected results

## WALL STREET

## A hold-up for credit

## Dow Jones Industrial Averages



other members of the administration have been urging for weeks now.

But any Fed action may still be a little way off, for the economic indicators which have had the stock and bond markets gyrating since the start of the year are still throwing up a mixed picture, albeit one which is pointing increasingly to slow economic growth and moderating inflation.

This has been highlighted by this week's batch of statistics and Wall Street's uncertain reaction to them. Figures on inflation had a calming effect, being well within the markets' expectations.

The important consumer price index figures for May showed a 0.3 per cent rise, excluding the volatile food and energy sectors. The April trade figures were also somewhat better than expected.

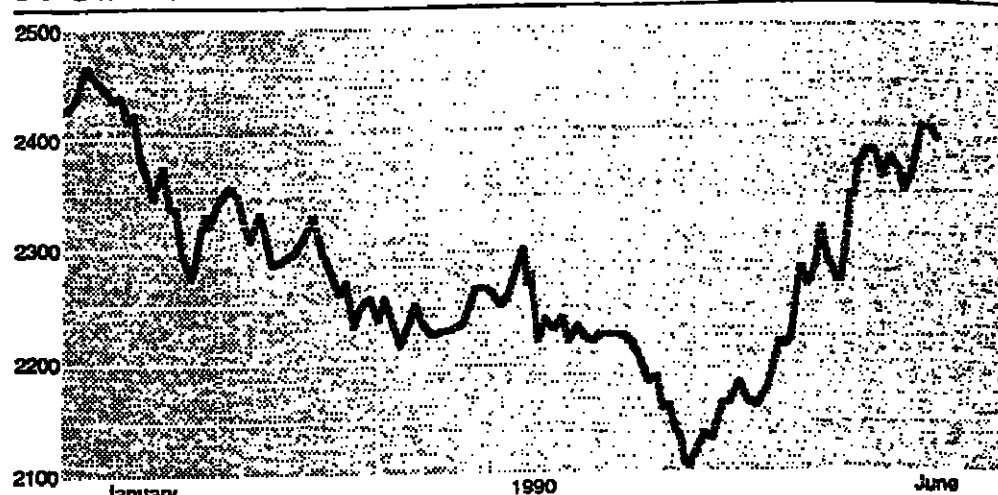
Retail sales, meanwhile, fell 0.7 per cent in value in May. This is the first time sales

have fallen for three months running since the recession year of 1981. Nevertheless, Mosbacher's view was that although the retail picture was not "good in itself" he saw little chance of recession in the near term.

So far so deflationary, and bond prices climbed accordingly. However, yesterday also brought news of a larger than expected jump in industrial production for May, which rose by 0.6 per cent, well above the consensus forecast of 0.4 per cent. That seemed likely to remove any enthusiasm at the Fed for an early cut in interest rates, and the bond market went into reverse yesterday.

Equities, for their part, spent the early part of the week rallying back toward the all-time high set by the Dow Jones Industrial Average at the start of this month but then drifted down in fairly thin volume as investors

## FT-SE 100 Index



changed. The effect of the renewed ERM speculation merely served to underline the extent to which the bull case is politically motivated: to wit that early entry into the mechanism, coupled with the need to mollify voters in advance of a General Election, could trigger lower interest rates and hence produce a kinder, gentler business environment.

The importance of Wall Street in providing a more tangible plank to the bulls' platform was also reiterated by the fact that the driving force behind the provisional 1.1 per cent rise in the Central Statistical Office's retail sales volume index.

Further evidence that inflation was alive and well and heading for double figures was provided yesterday by that 9.7 per cent May RPI advance.

On a brighter note, the pervasively buoyant atmosphere on Wednesday was helped by the revelation that last year's UK current account deficit —

at £19.07bn — was nearly £2bn less than previously thought, due to an unexpectedly strong invisible trade performance.

If anything did shake the courage of the bears' convictions it was probably last week's batch of corporate news, which was surprisingly edifying after the prior week's rash of receiverships and administrations.

Admittedly, events started on a familiar and dismal footing with the announcement that 1,000 employees of Coleridge, the consumer products company, were to lose their jobs. This was followed by Barclays Bank's decision to make a provision of £100m against its exposure to the collapse of British & Commonwealth Holdings.

The roll of honour included: British Steel — up 21 per cent at £733m; Anglian Water — comfortably above forecast at £86.1m; Cable & Wireless — ahead 25 per cent at £527m; the Racal twins (Telecom and Electronics) — up 95 per cent and 13 per cent respectively; VSEL Consortium — getting on for doubled at £30.85m (a development that sparked a more than 10 per cent improvement in the defence contractor's share price); and Smith New Court — which rebounded to a profit of

£14.5m after the prior year's loss.

The market even looked favourably among some of those to report a profits downturn. The clearest examples of this occurred in the depressed construction sector. Meyer International, Britain's largest distributor of building materials, was ahead 21p to 395p on Tuesday despite a 19 per cent decline in pre-tax profits. A day later, Regalan Properties, the commercial and residential developer, climbed 2p to 71p after it unveiled profits more than halved from £25.59m to £11.05m.

In Jimmy Greaves' parlance: "it's a funny old game . . ."

The week's most buoyant stock was Reuters, the news and information organisation, which surged to four all-time highs in as many days to finish at 1294 yesterday, 44p higher on the day.

The advance was helped along by much talk of US joint ventures, culminating in a leaked story that the Chicago Board Options Exchange and the American Stock Exchange were developing a screen-based system for trading in equities, options and indices, which would be carried out on Reuters screens. This was on top of the imminent joint venture with the American Stock Exchange to serve the market in privately placed securities in the US.

David Owen

## JUNIOR MARKETS

## Optimism belies mixed forecast

THE GREAT slide in the Unlisted Securities Market's performance relative to that of the market as a whole started in the middle of 1988. It has continued, almost without a break, ever since. There have been brief New Year revivals in both 1989 and 1990. The Datastream USM index has underperformed the FT-Actuaries All-Share index by nearly 40 per cent since August 1988. And in absolute terms, the USM index is still nearly 30 per cent below its level of August 1988.

When the relative underperformance began, the market might have been looking ahead to 1989, and not faking what it saw. Overall, however, 1989 turned out to be a good year for smaller companies in everything except public esteem. Calculations carried out by Mario Lewis of Bath University, cited this week by stockbrokers Beeson Gregory, show that companies with a market capitalisation of £44m or less at the bottom 50 per cent of all the companies quoted on the Stock Exchange and USM — grew faster in earnings per share than the All-Share average of 20.7 per cent.

Broadly, the smaller the company, the better the earnings growth. The best results of all were recorded by companies with market capitalisations in the £4.8m to £7.9m range, which had earnings per share growth of 39 per cent in 1989 on Lewis's figures. And the next best were the very smallest companies, those with less than £4.8m market capitalisation, which had earnings growth of 36.7 per cent.

Lewis says these results were consistent with a very long-run trend in which smaller companies display faster earnings growth than larger ones. "What happened in 1989," he says, "was that smaller companies still had fast growth, but that there was much more variation in earnings among them than in previous years."

If you measure the variation of earnings about the mean, using the statistical measure known as the standard deviation, "the variability of smaller companies almost doubled," says Lewis, compared with the previous year. The standard deviation for larger companies rose by much less, and for the very biggest companies it actually dropped.

This pattern of variation of earnings helps explain some of last year's stock market performance. Sharp rises in the shares of the very largest companies pushed the All-Share index up 30 per cent for the year. The Hoare Govett Extended Small Companies Index (listed and USM companies capitalised at less than £112m at the beginning of 1989) rose only 6 per cent over the year. Investors were clearly

willing to pay relatively less for each pound of small companies' earnings. Since the riskiness of that earnings flow had risen greatly in comparison to that of the very largest companies, the price-earnings ratios of companies capitalised at £18m or less in Lewis's calculations fell during 1989; by and large, those of bigger companies rose.

That was then; this is now. The prevailing mood among those who follow small companies is one of optimism. Buy notes have appeared from a number of analysts, there are new small companies unit trusts and investment trusts, and Mitchell Teager, of the Birmingham stockbroker Albert & Sharp, detects "the beginning of a change in institutional sentiment towards UK smaller companies."

Geoffrey Douglas, of Hoare Govett, says "smaller companies are now sitting on a discount to the market which I haven't seen since I began looking at the sector."

The pattern was in evidence in announcements this week from USM companies. Moorfield Estates, a property company, doubled its pre-tax profits and HT Hughes, a waste disposal and demolition company, reported pre-tax profits up 30 per cent. But Ramen, a distributor of ceramic tiles, kitchen furniture and sanitaryware, warned of a loss in the second half of its financial year which is just ending. And Monks Crane, which distributes industrial and building tools, reported a 66 per cent fall in pre-tax profits for the year to end-March.

With property companies, building materials and construction making up between them the biggest single component of the USM — some 14 per cent of its total capitalisation — "patchiness" is likely to prove, if anything, a charitable description of the outlook for earnings. The prospects for an end to the USM's underperformance against the broader index depend on how willing investors are to overlook the wide variations in small company earnings — a trend of which there is likely to be all too much evidence in the months ahead.

Peter Martin

## Time for British Steel to prove its mettle

BRITISH STEEL's reputation as a cash generator will this year face the most severe test since its privatisation in late 1988.

British Steel is one of the most profitable and efficient steel producers in the world. According to Salomon Brothers it is selling at a 10 per cent discount to Bethlehem Steel and a 45 per cent discount to Thyssen of West Germany. In the steel business it is one of the most attractive stocks.

It has led the way in Europe to cut production costs. Within the next three years virtually all its steel will be made using low continuous casting technology. Its labour costs are only 19 per cent of total costs — one of the lowest rates in Europe.

This year pre-tax profits rose 24 per cent to £733m, on a 4 per

cent increase in turnover to £5.1bn. These results — even after a £145m exceptional provision to cover restructuring costs such as next year's closure of the Ravenscraig hot strip rolling mill — strengthened the company's balance sheet. British Steel ended the financial year with £783m in net liquid assets.

Yet investors have not made a killing on the shares. After privatisation the shares moved from about 130p to a high point of close to 180p in May last year, during the peak in steel demand. They fell back to about 130p last December before gradually climbing to settle between 140p and 150p. They have underperformed the FT-All Share Index since the early part of 1989.

The company's dividend policy also remains fairly cau-

tious. The directors are recommending a full dividend for the year of 8.25p per ordinary share, up 10 per cent on last year. It is likely that dividends will track inflation. However, there is unlikely to be a wide margin between long term dividend growth and inflation — British Steel will have to work hard to constantly rebuild its cash stock and there will be many calls upon it.

It faces a squeeze on margins this year, with input costs increasing at about 9 per cent a year but output prices rising by only about 7 per cent. Steel demand in the UK has bottomed out at about 15 per cent below the peak it reached in the first half of last year.

The company is still heavily dependent on a weakened UK market but plans to broaden its base through acquisitions

in Continental Europe and in the US. It is on the verge of paying in the region of £105m for the Triador subsidiary of Klockner-Werke of West Germany. This should strengthen its position in the West German market, which is holding up well. It should also benefit from growing demand for steel to reconstruct East German industry.

However, despite British Steel's caution, the acquisitions should be a considerable drain on its cash. This year it has already spent £330m to acquire Walker & Sons, Britain's largest stockholder, to maintain its predominant position in the UK market.

It has one of the strongest balance sheets of the European producers — interest and other income generated £94m last year — but the company is

likely to start borrowing to finance its US acquisitions, which will raise interest costs.

All this comes as the European steel market is becoming more fluid and competitive. A large quantity of South Korean steel is still searching for a home after the Chinese stopped buying last year, and the Soviet Union has virtually halted imports in order to conserve hard currency. In the medium term imports into Europe from producers in the developing countries are very likely to rise. The over-capacity is not as great as it was in the dark days of the early 1980s, but it will ensure a fiercely competitive market for some time.

To face this competition British Steel will have to invest heavily to modernise its UK manufacturing base. Capital

expenditure, which rose to £450m in 1989-90 from £307m the year before, will have to be maintained at about £500m a year. The company also faces restructuring charges. Last December it announced plans to shed 1,200 jobs over the next two years. In May came the announcement of the plans to close Ravenscraig. Further redundancies are likely as the company concentrates production at its most efficient plants.

When these factors are combined with an increasing tax charge — as the company runs out of past losses to set against its tax bill — it is clear that the cash pile is not as great as it might at first sight seem. As Sir Robert Scholley, the chairman, says: "You only spend your money once."

Charles Leadbeater

John Smith



## FINANCE &amp; THE FAMILY

## Uncovering the secrets of society membership

ARE YOU a building society member? Thousands of people who thought they belonged to Abbey National before its flotation a year ago were disappointed to discover that for one reason or another they did not qualify, and so did not receive the 100 free shares on its flotation.

Traditionally building societies were owned by their customers, whether they were savers or borrowers. This is known as mutual ownership. But quite a few of the new building society products do not confer membership.

If you are a Halifax saver, for instance, and shift your

David Barchard discovers that mutualism is still not dead

account to Cardcash in order to be able to draw money out of a cash machine, you risk losing your membership of the society unless you keep your old account open. Maxine, Halifax's cheque book current account, also does not confer membership of the society. The same is true of Woolwich's cash machine account and its forthcoming cheque book current account, although some other cash machine accounts do confer membership.

Societies themselves seem to be increasingly little store by membership these days. There is little real advantage from being a member of a building society these days. One building society chief executive told me recently, in effect admitting the idea of mutualism is more or less dead.

He said membership of his society would be of benefit only if it were to shed mutual status and either have a takeover or an insurance company or bank in a takeover. If that happens, membership will bring substantial benefits.

Last year's Abbey National flotation brought qualifying members £140 worth of free shares (the value of which has subsequently shot up from £140 to more than £200 per share). If you happen to be a qualifying member of a society which is taken over and demutualised, analysts calculate that you should be able to look forward to a cash payment of £400 or more.

Membership is also important if your society proposes a merger with another society. You will be able to vote on the change, provided you have £100 in your account, and will pick up any bonus on offer, which can be 2 or 3 per cent on your savings balance.

It is disturbing therefore not only that societies like Halifax do not always make it clear to their customers whether or not their accounts confer membership, but also that branch staff do not always seem to know much about membership of the society either.

A Halifax branch in London told me recently that Cardcash confers membership. It doesn't. Check at the next desk said: "Only deposit accounts give membership. That's why they carry a lower interest rate. Also wrong."

Jim Murgatroyd, assistant general manager, says: "We assume that customers who have Cardcash will probably have several other savings accounts with us and one of these will probably confer membership."

More than three million Halifax customers have Cardcash accounts, so obviously the society saves a great deal of money not having to mail them membership documents and information. It will also have less of an administrative problem if, some day, it decides to follow Abbey National and have a stockmarket flotation.

Meanwhile Nationwide Anglia's members will soon be given the chance to vote at their annual general meeting on proposals to allow the society to raise a new kind of



equity capital while preserving the society's mutual status. Legally societies cannot yet issue this type of capital and there have been lengthy talks with the Building Societies Commission to get around legal difficulties. Nationwide Anglia hopes that the 1991 Budget will include proposals allowing societies to issue the new capital.

But should members of the society vote for it? They will in effect be giving up part of their ownership to a new class of owner - permanent shareholders - without being paid for it. It is true that societies these days issue subordinated debt and various other forms of borrowing to strengthen their capital base.

However, the interests of the new look-alike equity shareholders (who will get a dividend from the society's profits) will be quite different from those of savers and borrowers, whose interest is not in profits but in keeping the society's interest rate margins as narrow as possible. A further complication - which will have to be removed in the legislation - is what would happen to the new shareholders if the society ever does shed mutual status and go to the stockmarket for a flotation.

If I were a Nationwide Anglia member, I would be strongly tempted to vote against the proposals for the new shares. If you favour mutualism, it is a step away from it. If you believe in shedding mutualism, it is an obstacle to doing so. Above all, it will mean that the society's present owners give up part of their ownership and will almost certainly not be compensated for doing so.

row as possible. A further complication - which will have to be removed in the legislation - is what would happen to the new shareholders if the society ever does shed mutual status and go to the stockmarket for a flotation.

Sara Webb reveals the strategy behind the success of Schroder's Japanese Smaller Companies Fund

## Buy what no-one else is buying

IT'S UNUSUAL to hear a fund manager tell you that he puts his own money where his mouth is. Both Jan Kingzett and Andrew Rose, respectively director and assistant director of Schroder's Japanese management team in London, invest in the Schroder Japanese Smaller Companies Fund.

The fund ranks second over the last one-year, three-year and five-year periods, lying close behind the NM Japanese Smaller Companies Fund which was also managed by the Schroder team until April this year.

To what do they attribute the fund's success? "We don't treat the Japanese market as a casino - we treat it as a market in which one can find long-term good value not recognised by other investors," says Rose.

Kingzett adds that there is a "relative contrariness in our approach, in other words we try not to listen to what others are doing and to what the brokers are pushing because they will be telling lots of other investors the same thing. You're not going to get to the top if you use the same advice that goes to everyone."

He says their strategy is to buy what no one else is buying. Ed Merner, the manager of the smaller companies fund who is based in Tokyo, "is prepared to buy a stock and wait a year until the market comes round to his way of thinking".

The smaller companies fund has benefited in the last year from the boom in the OTC section of the Japanese market where the very small companies are listed. Schroder points out that when the Tokyo market fell in February and March this year it was the smaller companies which proved the most resilient: "heavy selling concentrated on the large capital-

isation dealing stocks rather than the more solidly held small companies" says their report. Since then, all sizes of company have bounced back.

At one stage a third of the fund was invested in OTC shares. However, since then, the OTC exposure has been cut back significantly as Schroder believes many of the shares are overvalued now. It has switched to the small regional markets instead such as the Osaka second section.

You have to be highly stock specific when it comes to smaller companies," says Rose. "For a long time people viewed Japan as high tech. Now they

recognise that the bulk of the growth is from domestic demand, which means leisure stocks and software are exciting investment growth areas."

The fund has quite large holdings in the service, electronics, and leisure sectors, as well as such oddities as a Japanese fast food manufacturer which makes rice balls coated in seaweed.

But despite a glowing performance over one, three and five years, the fund has not always been a star. In both 1988 and 1989 it featured low down in the performance tables. Kingzett claims that 1984, 1986, and 1988 were difficult years - though for different reasons: in 1984 they were underweight in financials which performed well, and in 1986 they were underweight in large companies. In 1988 both factors played a part.

Add to that the fact that smaller companies are risky. "The sector has a jerky performance and seen from the investors' viewpoint this is quite a high-risk fund," says Kingzett. "Smaller companies in Japan fall in and out of favour very quickly."

Wouldn't it thus be wise for investors to get out now with their large profits? Of course a fund manager will never be willing to tell you to take your money out of his fund. But Rose admits: "It's going to be more difficult over the next few years to make such huge gains in smaller companies relative to the mainline fund Ge the Schroder Tokyo fund which is a more general fund but has the freedom to invest in smaller companies too. One of their rivals believes that if the yen strengthens significantly, interest rates will come down, benefiting the financial stocks which account for about 30 per cent of the index."

Schroder has six analysts in Tokyo under Ed Merner, a fluent Japanese speaker having studied at Kobe University, joined Schroder in 1981 in Tokyo before moving to London.

The Tokyo-based staff visit 300-400 companies a year in Japan, and make their stock selections on the basis of these visits, ignoring the share pushing tactics of the local brokers. So far, their strategy seems to have paid off.



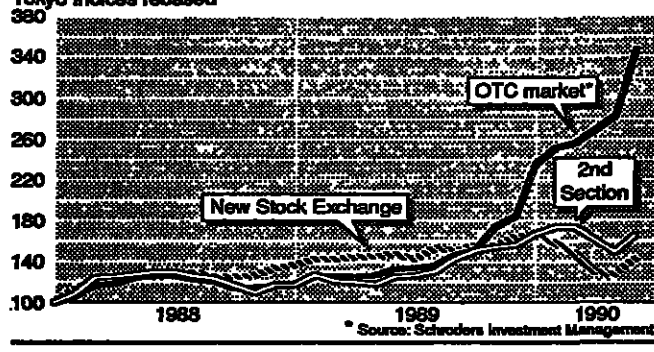
Fund manager Ed Merner

Tokyo office. Rose, who is also a fluent Japanese speaker having studied at Kobe University, joined Schroder in 1981 in Tokyo before moving to London.

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## Japan

Tokyo indices rebased



\* Source: Schroder Investment Management

## Richard Waters looks at the Dunsdale collapse Investors learn a lesson

THE SIGHT of an investment firm, Dunsdale Securities, collapsing with hardly a trace left of its clients' £17m has shocked many investors. But why wasn't the Financial Services Act meant to stop this kind of thing? Dunsdale may only have had 220 clients, but there are lessons here for all well-off people who hand over their money to others to be invested.

First, neither the regulatory regime ushered in by the Act nor the regulators who implement it are infallible. Membership of a self-regulatory body is required by law, and must be declared on all an investment firm's correspondence, hence the Financial Intermediaries Managers and Brokers Regulatory Association logo on Dunsdale's letters.

Yet this is not a guarantee, as some of Dunsdale's investors seemed to think. Neither is it a mark of quality. Too many investors are lulled into a false sense of security when the name of some City regulator is put before them.

Of course, investors still have a right to expect that they will be protected from financial loss, through whatever cause. The Dunsdale case has raised severe doubts about both the Department of Trade and Industry (which was responsible for the firm from 1977-88) and Fimbra (which has overseen it since). How could the

regulators have inspected the firm last summer and found nothing wrong? The second lesson from Dunsdale is that the regulatory system is perfect. Investors should think harder about whom they allow to handle their money.

Is it wise, for instance, to give several hundred thousand pounds, as some Dunsdale investors did, to a firm with just one director, an office junior and a secretary? Size does not necessarily bring safety. Barlow Clowes had a string of directors and substantial operations. But by definition there are fewer internal checks and controls in a company with only one director.

Is it wise, also, to rely on external appearances? Most people are innocents when it comes to investment, yet place reliance on their ability to judge their advisers. Several Dunsdale clients have explained how they visited the company's Park Lane offices: they were impressed by the apparent success and skills of its director, Robert Miller, as he sat in opulent surroundings, a screen displaying prices at his side. Yet it seems that few of the people to whom Miller explained his trading strategy understood what they were being told.

If it is not safe to trust your own judgment, who can you

trust? Dunsdale clients were introduced - by relatives, friends, lawyers and accountants, many of whom had invested money with the company for 15 years. New clients might think this the best recommendation an investment firm could have; Dunsdale proves this is not the case.

One thing that should put investors on the alert is when a firm offers an investment return which is markedly higher than that available elsewhere - usually claiming some unique investment skill in the process. How likely is it that a firm can really deliver such startling results? There are investment geniuses around, but do you want to stake your life savings on the belief that you have found one?

At the very least, it would be sensible not to put all your eggs into one basket.

A final thought for investors whose money is managed by someone else: how sure are you that your money is invested where it is said to be? Simply receiving a monthly statement (as Dunsdale investors did) is not proof of the underlying investments. For peace of mind it may be worth making further enquiries, perhaps through an accountant or legal adviser. Dunsdale investors would be the first to testify that you can never be too careful.

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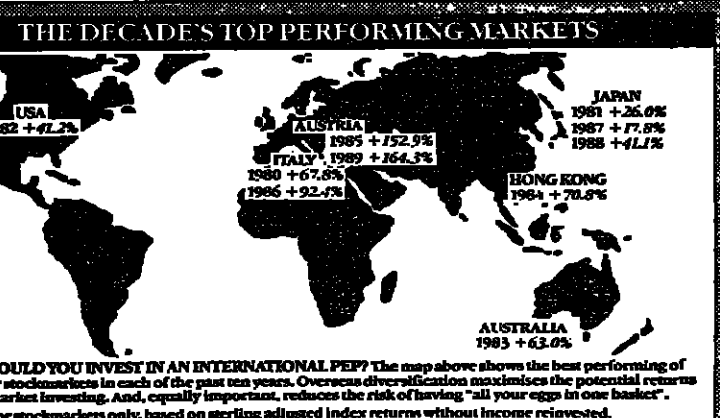
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	Quoted rate %	Compounded return for taxpayers at 25% 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
<b>CLEARING BANK*</b>						
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000 0-7
High interest cheque	9.20	9.30	7.98	monthly	1	5,000-9,999 0
High interest cheque	9.40	9.50	7.84	monthly	1	10,000-24,999 0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999 0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000 0
<b>BUILDING SOCIETY†</b>						
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000 0
High interest access	9.00	9.00	7.20	yearly	1	500 0
High interest access	9.75	9.75	7.80	yearly	1	2,000 0
High interest access	10.25	10.25	8.20	yearly	1	5,000 0
High interest access	10.50	10.50	8.40	yearly	1	10,000 0
High interest access	10.25	10.25	8.41	half-yearly	1	500-9,999 90
90-day	11.00	11.20	9.05	half-yearly	1	10,000-24,999 90
90-day	11.50	11.83	9.46	half-yearly	1	25,000 90
<b>NATIONAL SAVINGS</b>						
Investment account	12.75	9.56	7.65	yearly	2	5-25,000 1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000 3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 mth
34th issue	7.50	7.50	7.50	not applic.	3	25-1,000 9
Yearly plan	9.50	9.50	9.50	not applic.	3	20-200/month 14
General extension	5.01	5.01	5.01	not applic.	3	- 8
<b>MONEY MARKET ACCOUNT</b>						
Schroder Wasp	10.72	11.26	9.01	monthly	1	2,500 0
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000 0
<b>UK GOVERNMENT STOCKS</b>						
8pc Treasury 1981	13.01	10.91	9.88	half-yearly	4	- 0
8pc Treasury 1982	12.89	10.78	9.51	half-yearly	4	- 0
10.25pc Exchequer 1985	11.22	9.25	7.65	half-yearly	4	- 0
8.5pc Treasury 1984	12.25	9.57	8.80	half-yearly	4	- 0
8pc Treasury 1982	9.88	9.07	8.58	half-yearly	4	- 0
Index-linked 2pc/1982S	11.89	11.37	11.08	half-yearly	2/4	- 0

\*Lloyds Bank/Halifax 90-day: immediate access for balances over £5,000.9 Special facility for extra £10,000. †Source: Phillips and Drew. ‡Assumes 8.0 per cent inflation rate. 1. Field after deduction of composite rate tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.



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## FINANCE & THE FAMILY

### Andrew Freeman on a rather salacious investment Eurobonds: not just for the Belgian dentist

EUROBONDS have long been thought of as the preserve of the "Belgian dentist" - the moderately wealthy professional looking for good returns and a bit of excitement. Hop on the coupon express (the train into Luxembourg at coupon payment time), collect the dividend and put the tax-free funds in the bank. A salacious mixture of financial gain and outwitting the tax authorities - few investments could be more fun.

A Eurobond is an international bond offered outside the issuer's domestic market. The interest is paid free of any local withholding tax, which makes these bonds attractive to non-taxpayers, and as Eurobonds are issued in bearer form, they can be popular with those who want to avoid paying tax.

For some reason, Eurobonds have never really taken off in the UK. Perhaps the prospect of a cross-channel coupon ferry was not exciting enough; perhaps investors knew too much about British Rail express trains. The fact that new issues cannot be sold directly in the UK does not help. But as the European market coalesces towards unification, more and more investment advisers think UK-based clients should be taking a hard look at some of the opportunities enjoyed by their international and continental counterparts.

Hambros Bank, for one, it recently launched a new service aimed at enticing UK private clients to join its international client base. It is unashamedly pitching towards the wealthier end of the high net worth individual market. The first thing you learn upon opening its hard-backed brochure is that you are the owner of a limited edition.

According to Philip Cassen, manager of the private client section, the bank is focusing on the business for the first

time. "We used to treat this area on an ad hoc basis. Now, our clients have a personal service. They ring direct to their own contact in the dealing room. That puts them in touch with expert advice," he says.

The bank is reluctant to set a minimum account size for fear of deterring potential customers, but agrees that Eurobonds are not for first-time investors. The selling of such investments is covered in the UK by the Financial Services Act. Banks can sell secondary market bonds to any UK investor, so long as they stick to the so-called suitability rule. "We won't hesitate to tell investors that they would be better off in a managed fund," says Cassen.

### Eurobonds should be seen as part of a wider portfolio of investments

One of the reasons limiting the appeal of Eurobonds has been that it is uneconomic to deal in small sizes. Some of London's merchant banks offer clients exposure to Eurobonds via pooled funds on the grounds that this gives them economy of scale as well as protection from direct risk.

Another has been the relatively poor performance of bonds as an asset class in recent years. Investors could have had better returns from equities and well-chosen old paintings. This emphasises the point that Eurobonds should be seen as part of a wider portfolio of investments.

However, for those with deep enough pockets there are some enticing trades. For UK investors, two recent zero coupon bond issues (deals which pay no interest but are issued at a discount to their redemption value) offer excellent returns over five or 10 years. Both issu-

ers are well-known names with fine payment records and there is no currency risk.

The attraction of zero coupon bonds is that they require a smaller capital outlay and offer a firm redemption yield (unlike other bonds, calculations do not have to assume the reinvestment of coupon income at similar interest rates).

British Telecom's £200m deal matures in March 2000. It is trading in the secondary market below its issue price; Hambros was offering the bonds in mid-week at 93% and they will be redeemed at 100 (in other words if you invested £33.25 you would receive back £100 on maturity). In any portfolio, locking into a near 200 per cent increase over 10 years would be attractive.

A shorter-term alternative is the Alliance & Leicester Building Society's £200m issue maturing in December 1995. It could have been bought last week for 91%. Like the Telecom bonds, it will be redeemed at par, or 100. A few weeks ago, its price dropped below 50.

To the wider case for investing in Eurobonds, there are caveats, of course. They are risky (at least, that is what your investment adviser will feel obliged to tell you). You should be aware that prices fluctuate, that the market can be illiquid, which makes it less easy to trade the Eurobonds, and that regulations are not particularly tough.

However, you can take simple steps which can reduce some of the main risks. Stick to top-rated credits, borrowers with good reputations who are least likely to default on their obligations. And avoid over-concentration of holdings in a single currency or maturity.

If you really want to add some excitement to your investing, you could always take the flight to Brussels and join those dentists on the coupon express...

### The Week Ahead

## BAA looks to top £250m

THE WEEK will kick off with full year results from BAA, the former British Airports Authority which was privatised in 1987, when it announced results for year ending in March.

Passenger traffic figures at its airports have been good over the last year except at Gatwick, which suffered from the downturn in the UK charter market. Analysts expect profits to be in the region of £250m, compared with £185m last year.

The group is expected to announce a substantial property revaluation at the same time as its results. Analysts are divided over its size, but it would be advantageous for the company to increase the value of its property portfolio. This would affect the return on assets ratio, which is the basis of the MMC's statutory quinquennial review of the company, and would also help it in its battle against ADT, which is seeking BAA. However, the company will not want to raise the spectre that the group was sold cheaply at privatisation.

The City will want to know how BET is getting on with plans to sell its joinery and replacement window operations when the acquisitive industrial services group reports its annual results for the year to March 31 on Monday. BET said in February that it planned to sell the businesses, Boulton & Paul and Anglian Windows, after it paid \$192m for Hestair, the personnel services and consumer products company. Analysts are expecting pre-tax profits in the £310m to £320m range, and will want to hear how things are in the cold and plan hire division, which accounted for about 28 per cent of BET's trading profit last year. Unigate, the food and distribution group, is expected to announce a pre-tax profit only £1m or £2m ahead of the previous year's £100.5m for the 12 months to March 31.

Without the expected rise in property profit and a pensions windfall of perhaps £2m, the underlying performance is thought to be significantly down. The negative factors include a rough year for the Wincanton subsidiary, which operates in the depressed vehicle leasing and sales markets. On the food side, fresh produce in the UK may have been hit by higher prices induced by last summer's drought, while butter and cheese have seen weak markets. In the US, its cheese making business has been subjected to a rise in raw materials prices. Nothing bullish is expected to be said about the current year's outlook. Dawson International, the Scottish textile group best known for its luxury woollens, is expected to announce a fall in pre-tax profits from £48m to

£40m when its final results for 1989 are published on Thursday.

Dawson, in common with the rest of the textile sector, has suffered to some extent from the slowdown of the UK economy and the increase in interest rates has depressed sales of expensive luxuries like its cashmere knitwear. However, most of its difficulties lie overseas. Its performance last year was affected by an ambitious cashmere expansion programme at CPG, its recently acquired sportswear and knitwear company in the US. The benefits of its investment have yet to filter through.

Dawson also suffered from the instability of the global cashmere market. The economic changes in China, the world's largest single source of cashmere, made it difficult to secure regular supplies of high quality cashmere last year.

A modest increase in pre-tax profits is expected from Hambros, the merchant banking and financial services group, which announces its year-end results on Wednesday.

Last year pre-tax profits were £70.4m. Stockbroker analysts are predicting an increase of around 7 per cent over this, though this year's results may be hit by continuing estate agency losses from its subsidiary, Hambros Countrywide, which lost more than £5m in 1989.

The group's main merchant banking activities are expected to show growth, but not to be far above last year's levels. The estate agency losses may be offset by the realisation of some of the group's investments. UBS Phillips & Drew is forecasting earnings per share of 27p and a year-end dividend of 11.5p pre-tax, up from 10p last year.

### RESULTS DUE

Company	Announcement date	Dividend (p)	Dividend (p)	Dividend (p)
		Last year	Final	This year
<b>FINAL DIVIDENDS</b>				
Allen	Friday	3.5	3.5	4.0
BET	Monday	3.5	3.5	4.0
Booth Industries	Wednesday	0.6	1.6	0.7
BTP	Thursday	2.5	4.5	2.75
Chancery	Friday	2.5	2.5	3.1
Charter Consolidated	Tuesday	4.75	12.5	6.5
Chloride Group	Friday	0.55	0.55	0.56
Continuum Stationery	Friday	1.1	1.1	1.2
Davy Corporation	Wednesday	2.5	6.0	2.75
Dawson International	Thursday	2.65	5.95	2.90
Ernst Group	Wednesday	4.0	4.0	3.0
F&C Germany Investment Ltd	Friday	0.75	1.25	1.4
GEI International	Tuesday	2.14	4.4	2.35
Hedleigh Industries	Wednesday	3.3	6.7	3.8
Hewlett	Monday	1.25	2.6	1.8
Holmes Protection Group	Monday	1.1	2.1	1.2
Jones & Shipman	Tuesday	1.15	3.35	1.5
JS Pathology	Friday	1.8	3.7	1.8
Latham James	Monday	4.0	6.75	4.25
Marina Developments	Wednesday	2.0	5.5	5.0
Mailville Street Investments	Monday	0.5	2.5	1.0
Microtel Group	Friday	1.0	2.5	1.2
ML Holdings	Tuesday	0.72	2.13	0.85
Mountainview Estates	Wednesday	2.0	7.5	4.0
NEM	Wednesday	3.0	3.0	3.0
Phoenix Timber Group	Wednesday	1.1	1.05	1.1
Premier Consolidated Oil	Wednesday	-	-	-
Quilligott	Wednesday	-	0.17	0.76
Relect shop	Monday	1.05	2.1	1.05
Rondel	Monday	0.8	2.0	1.2
Security Archives Holdings	Monday	2.0	3.0	2.5
Servant Trent	Monday	7.0	10.0	6.50
Shanks & McKenna Group	Tuesday	0.5	0.85	0.3
Stirling Group	Wednesday	0.55	1.95	0.55
Stoddard Sakers International	Tuesday	2.0	4.75	2.0
Telford	Monday	1.2	2.4	1.50
Trent John Group	Tuesday	2.0	4.0	2.2
TGI	Thursday	5.0	8.8	5.7
Unigate	Wednesday	12.0	1.8	1.8
United Industries	Thursday	6.0	10.0	6.5
Volex Group	Tuesday	2.0	3.0	2.0
Wood SW Group	Friday	-	-	-
<b>INTERIM DIVIDENDS</b>				
Anglia Television	Friday	2.5	6.4	-
Archimedes Investment Trust	Monday	0.35	10.25	-
Bangkok Investments	Wednesday	5.0	2.0	-
Bankers Investment Trust	Thursday	0.55	0.55	-
Dunelm & London Invest. Ltd.	Thursday	3.4	7.1	-
Electra Investment Trust	Friday	2.7	2.8	-
Grainger Trust	Friday	1.2	4.05	-
Hawthorn	Monday	-	0.75	-
Imvicta South	Tuesday	-	-	-
Murray Enterprises	Friday	-	-	-
Polar Electronics	Monday	-	2.5	-
River Plate & General Inv. Ltd.	Thursday	-	4.7	-
Sherriff Holdings	Wednesday	0.75	3.75	-
Trealt	Monday	1.0	2.25	-

\*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† 2nd interim dividend.‡ Figures quoted in US cents per share.‡ That date per share

### COMPANY NEWS SUMMARY

#### TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share	Market price	Price before bid	Value of bid	Endorse
Prices in pence unless otherwise indicated					
Aquascutum	550	550	340	19.28	Rencon Inc.
Do. A	200	137	143	54.55	Rencon Inc.
Crystalline	94½	52	73	36.15	TT Group
Crystalline	80½	52	73	32.82	Vielby
Globe Inv. Ltd.	19½	204	174½	1.020	St. Coal Pw. Ltd.
McColour Mgmt	124	120	89	14.25	Erangel Ltd.
Mecca	90 3/4	88	84	282.85	Rank Org.
Do. 7.25p C.V. Pl.	75 1/2	71½	56	234.05	Rank Org.
Optim Group	17	15	14	13.60	Systech Health.
Pennant Group	25½	24	18	4.59	Stewart Group
Tozer Kenney	152½	143	115	35.12	REP
Tricuss	178	176	132	19.12	Asahi

\*All cash offers.†Cash alternative partial bid. ‡For capital not already held.‡Conditional. †Based on 2.20m prices 15/5/90.†AT suspension. ‡Share and cash

#### PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Acad	Mar	4,410	(3,860)	19.0 (13.7)
Aldrich	Mar	1,030	(255 L)	12.0 (2.0)
Alexon	Mar	21,420	(15,000)	42.0 (35.0)
Amersham Int'l	Mar	23,900	(21,400)	33.1 (11.8)
Anglian Water	Mar	86,100	(73,400)	42.1 (1.1)
Banc Industries	Mar	2,770	(704)	3.3 (1.1)
Borthwick	Apr	1,970	(1,720 L)	3.1 (1.1)
British Steel	Mar	733,000	(583,000)	6.2 (2.4)
Bromsgrove Inds.	Mar	7,900	(5,470)	15.3 (12.4)
BSS Group	Mar	14,530	(12,240)	47.5 (41.8)
Bula Resources	Mar	501	(211)	-
Cable & Wireless	Mar	527,000	(421,500)	31.3 (27.9)
Cape	Mar	17,800	(13,600)	27.7 (22.8)
Castletown Press	Apr	316	(195)	9.52 (5.78)
Cater Allen	Apr	9,080	(7,040)	-
Claythorne	Mar	5,250	(4,130)	2.1 (1.7)
Cohen A. & Co.	Dec	3,510	(4,250)	1.1 (1.3)
Cropper James	Mar	1,020	(1,650)	2.6 (2.6)
Dekota Group	Mar	676	(666)	-
Darby Group	Feb	1,950	(1,950)	9.77 (10.3)
Donelson Tyson	Dec	2,020	(1,027)	3.45 (1.96)
Drummond Group	Mar	1,010	(1,800)	2.89 (1.1)
Edgemoor	Mar	1,980	(582)	6.83 (3.37)
EMAP	Mar	38,030	(33,550)	18.1 (16.2)
European Colour	Mar	263	(707)	1.12 (2.07)
Faulstich Trading	Mar	1,020	(1,450)	8.9 (13.1)
F&C Smaller Co's	Apr	1,610	(1,290)	15.2 (10.7)
Ferguson Indus.	Mar	13,140	(13,060)	22.5 (22.0)
Finlay James	Dec	12,290	(7,201)	6.5 (5.2)
FGD	Mar	54,720	(68,738)	9.38 (11.2)
Hardy Oil & Gas	Mar	5,050	(4,580)	10.4 (8.4)
Harrison Inds.	Mar	2,900	(2,040)	13.2 (11.3)
Hastwood Foods	Mar	1,000	(1,000)	11.6 (8.0)
Heath CE	Mar	27,300	(24,100)	33.8 (31.8)
Hughes HT	Feb	2,380	(1,830)	5.7 (6.0)
Johnson Matthey	Mar	48,320	(84,400)	17.1 (28.4)
Leas. & Burroughs	Mar	3,000	(2,180)	4.1 (2.2)
Lucker Thomas	Mar	3,000	(2,180)	4.6 (3.2)
London Int'l.	Mar	36,500	(30,300)	19.2 (16.2)
Mansfield Brew.	Mar	8,830	(8,980)	10.2 (41.8)
Marston Thompson	Mar	17,350	(16,500)	13.2 (12.5)
Mellor	Mar	70,730	(67,900)	56.0 (50.3)
Morris & Crane	Mar	10,000	(2,500)	4.2 (9.4)
New London	Apr	233,800	(238,700)	-
New London	Mar	1,590	(736 L)	-
New Transportation	Mar	3,000	(2,180)	8.55 (3.1)
Norman Thomas	Mar	3,000	(5,030)	2.92 (5.27)
North. Fine Food	Mar	279 L	(399 L)	-
Osborne & Little	Mar	1,730	(2,330)	15.2 (20.9)
PCT Group	Dec	1,020	(865)	10.6 (7.7)
Pearson & Son	Mar	8,860	(8,500)	35.8 (28.9)
Property Parts.	Mar	2,320	(1,990)	14.4 (12.3)
Racal Electronic	Mar	201,000	(177,900)	9.1 (9.22)
Racal Telecom	Mar	194,800	(84,600)	11.6 (8.21)
Ralph Thomas	Mar	55,800	(55,800)	10.0 (9.2)
Rothschild J	Mar	57,900	(134,000)	11.5 (32.1)
Safeland	Mar	3,040	(2,480)	11.4 (9.8)
Sevenson Christ.	Mar	62,100	(52,400)	15.0 (12.0)
Shaw & Arthur	Mar	64,800	(52,400)	15.0 (12.0)
Shaw & Arthur	Apr	838	(1,152)	7.32 (10.1)
Southwest Res.	Mar	10,450L	(11,040L)	-
Stravely Indus.	Mar	24,500	(21,800)	22.5 (20.2)
Tinsley Robor	Mar	801	(1,650)	2.1 (4.5)
Tinsley Robor	Mar	2,300	(2,300)	2.5 (2.5)
Vesper Thorne	Mar	12,000	(10,300)	25.2 (21.8)
VSEL Consortium	Mar	30,650	(17,080)	29.9 (44.7)
Waddington John	Mar	17,610	(20,140)	16.3 (18.8)
Waddington John	Mar	1,260	(1,260)	1.2 (1.2)
Wintnut	Mar	5,420	(4,620)	3.70 (32.1)



## FINANCE &amp; THE FAMILY

Expatriates: Christopher Hill on the problems of getting permission to live abroad  
**Red tape and residency wrangles**

REMEMBER ALL those black and white movies where the traveller is held by the gimlet-eyed frontier official "your papers do not appear to be in order" before being led away to an uncertain fate?

Well, perhaps a diet of Graham Greene is not a good preparation for a permanent move to Mittel-Europa but it is a fact that dealing with all the paperwork involved with becoming an expatriate can be an intensely frustrating experience. And it is not just a case of squaring the various tax authorities, buying a house and making a will (all minefields in themselves).

It concerns what might appear to be the more mundane chores, such as taking up residence, transporting your household effects and setting up your phone and electricity on arrival.

It has been said that the difference between Germanic and English-speaking countries is that in Germany everything that is not specifically allowed is forbidden, and in England everything that is not specifically forbidden is allowed.

Certainly, anything that is out-of-the-ordinary has a tendency to rattle officials in Switzerland and Austria. And as far as they were concerned, my wife and I were out of the ordinary.

We wanted to become resident in Switzerland in the relatively-unfashionable Canton of Thurgau and to spend part of the year in a remote part of Austria.

Dealing with Switzerland first... not the easiest place to establish residence, but we were assured that it would be a piece of cake since my wife is a Swiss national. It has proved to be a little more difficult. Basically, this is because there are far more authorities to deal with in Switzerland than would be the case in England.

"First, I filled in a lengthy form in English and German supplied by the Swiss Embassy in London. I had to turn up at the 'Einwohnerkontrolle' (inhabitant control) at the local 'Gemeinde' (town hall) which made me jump through various documentary hoops so that they could pre-



pare my case for assessment by the 'Fremdenpolizei' (literally, 'stranger police') at cantonal level.

Curiously, it is the little details which prove most troublesome. For example, at communal level, the official was most insistent on being provided with a 'good conduct' certificate from the police in one's home country. We explained that this did not exist in Britain but she found this clearly unacceptable.

"Even the Turks have it," she said triumphantly. In the end, it was solved by the British Consulate in Zurich which, for \$514 gave us a bit of paper stating that this certificate could not be provided. The fewer pieces of paper like this the unhappier everyone gets - the problem being that in Swit-

zerland you have to officially register every move you make. Quite a contrast from Britain, where even football identity cards create a furore about "Big Brother."

Austria was more relaxed but only because we did not wish to become resident there and had purchased a farmhouse in a place where, as they put it in the local town hall, 'we don't have too many foreigners.'

Even so, our purchase had to go before a number of commissions, including an 'Auslander' Commission (foreigner commission), where it was opposed by a local farmer.

This put the lawyer handling our purchase into quite a tizzy (so we were told later) although fortunately it was all eventually resolved success-

fully. But not before he had unearthed an ancient law of the Austro-Hungarian Empire stating that a Swiss citizen has equal rights with Austrian citizens where house-purchase was concerned.

The other difficulty is that in both Switzerland and Austria there is a tendency to expect you to be physically present at every stage. For example, lawyers are not happy to represent you at police stations to register your arrival and bank managers would rather that you were present at the town hall to register a new mortgage in the 'Grundbuch' (land registry book).

This even extends to moving your household goods. Getting a few sticks of furniture across the Austrian border caused such a commotion that one

would have thought it was a consignment of heroin. Although we had taken particular care to have all our papers in order (using a specialist removal firm) the Customs officials still wanted us, accompanied by an Austrian agent, there to meet the van. The reason: "to establish the physical connection between the goods and the owners."

My wife dug in her heels at this point and said there was no need for us to turn up, and all went well. But it was a brave thing to do.

Then, when you get into your new home you have a stream of officials turning up with various forms - even chimney-sweeps. In Austria, you are forced to have your oil central heating system cleaned at ludicrously regular intervals. It was quite a surprise to be greeted at 8 am by sweeps complete with black uniforms, antique brushes - and a form to sign.

One tip for the unwary: do your best to prevent the phone being cut off before you arrive. Getting reconnected in Austria is so difficult that before long you are saying "come back British Telecom, all is forgiven."

The typical waiting period is at least three months, largely because the forms are processed centrally through the computer in Vienna. Even the man who installed the phone said he had to wait six weeks to have his own put in. We managed to do better than that but only because my wife made a pest of herself.

Finally, another problem is that there seems to be an antipathy to writing letters in both Switzerland and Austria. You send off forms and you receive other forms in return without covering explanatory letters. If you are not fluent in German officials they leave you none the wiser. And even if you are, it doesn't seem to get you very far.

Even so, I did feel a thrill of achievement when I recently got back my passport from the 'Gemeinde' with a stamp that I had officially 'arrived' in Switzerland. All I need now is a clearance for residence from the 'Fremdenpolizei.' So I'm saying no more just in case my papers might never be in order. And then on to the next hurdle: registering my car with the Swiss traffic police...

## Travel Money

## DIFFERENT EXCHANGE RATES USED BY CREDIT AND CHARGE CARDS

Currency	Market exchange rate into £		Barclays (Visa Card)		American Express (ordinary & Gold card)		Lloyds (Visa Card)		Diners Club	
	Exchange rate	£	Exchange rate	£	Exchange rate	£	Exchange rate	£	Exchange rate	£
French francs	9.555	57.56	9.40	58.51	9.4526	58.19	9.5384	57.98	9.4697	58.08
550										
Spanish pesetas	175.65	28.47	171.88	28.09	172.84	28.93	174.08	28.72	173.49	28.82
5,000										
US dollars	1.6755	179.05	1.84	182.93	1.6508	181.73	1.6715	179.48	1.6578	180.95
300										
HKong dollars	12.9913	115.46	12.77	117.48	12.9529	115.80	**13.01	115.29	12.9198	116.10
1,500										
Yemeni Dinar	0.7726	1294.33	0.76	1315.79	—	—	**10.77146	1298.24	0.7849	1307.36
1,000										
Burmese kyats	10.778	18.56	10.33	19.36	—	—	**10.53	18.99	10.66	18.78
200										

Master Card / Visa Card \*\*Converted to £ at regional center and then into sterling. Weekly supplied by NatWest

## Fair exchange — or robbery?

HOW COMPETITIVE are the exchange rates offered by credit or charge cards when you use them abroad? Which cards offer the best and worst rates?

As a test, Finance & the Family picked six foreign currency transactions in an assortment of both popular and obscure currencies: French francs, Spanish pesetas, US dollars, Hong Kong dollars, Yemeni dinars and Burmese kyats. We asked the various banks and charge card organizations to supply the exchange rates for conversion into sterling. The accompanying table demonstrates the wide range in rates for transactions made on Monday June 4, and shows how much you would have been billed in sterling as a result.

Barclays scored worst in this exercise. It uses its own tourist exchange rate for both the Visa and the MasterCard transactions.

Neither American Express nor Diners Club offer very competitive rates. Amex says it uses the wholesale rate (which major banks use when selling currencies to each other) and adds a 1 per cent commission to the transaction to cover the cost of the currency conversion. Diners Club also adds a 1 per cent fee after using a commercial bank selling rate.

A READER has written to Finance & the Family to complain about Eurocheques. "We have used Eurocheques on holiday for the payment of shopping bills and restaurants as well as obtaining cash without any additional payments being required. This year we paid rent of £500 for a villa in the Algarve to the owners, who are resident there, nominating the payment in Escudos. On return we were debited with a £20 charge by Lloyds and a further £10 from Lloyds International branch."

"I have been told that the payment for rental was a 'commercial transaction' and therefore liable to a charge. We could, had we known, have taken cash in Escudos to the value of £100 each day for three days prior to paying the rental. No charge would then have been made. The situation seems absurd but I hope that by publishing this fact other readers may be saved this charge."

For Lloyds to charge the equivalent of a 10 per cent commission on this reader's transaction appears scandalous. However, if you use Eurocheques you should check

the conditions printed at the front of the cheque book. In the case of Lloyds Bank Eurocheques, it says:

"In most countries you write your Eurocheques in the local currency. Each cheque is guaranteed, when used with the Eurocheque card, up to a maximum amount specified for each country within the scheme... Should you wish to make a purchase or settle a bill for more than the guaranteed amount, simply write out two or more cheques... Cheques issued for higher amounts may incur additional charges which could be substantial."

In fact at current exchange rates, £300 is equivalent to about 75,000 escudos. Lloyds says it will only guarantee Eurocheques worth up to 30,000 escudos, which is why charges were imposed on this transaction. So readers who want to use Eurocheques abroad should be careful to stay within the guaranteed limits. For a larger amount simply write two or more cheques - but you still have to pay a commission and handling charge on each cheque.

reliable rate for Yemeni dinars, after converting to dollars first. These banks use a commercial selling rate but do not add a commission or fee. All three

offer MasterCard and Visa to their customers although Lloyds' Visa card is a direct debit card rather than a credit card. The exchange rate quoted in the left-hand column is the mid-point between the bank selling and buying rate as quoted in the Financial Times. On small purchases, such as some of the ones illustrated, the difference in exchange rates used by the card companies may only "lose" you a few pence. However, if you buy goods or pay for hotel and restaurant bills abroad, your credit card or charge card bill could easily mount up to several hundred pounds, and once you start building up bills equivalent to around £1,000 abroad you may find the discrepancy between different cards amounts to as much as £20.

In all of the cases described, the bank or charge card company uses the exchange rate on the day that it receives the claim, not the day that you paid for your purchase abroad. With Midland, NatWest and Lloyds you have 25 interest-free days from the date of your statement, whereas Barclays allows up to 56 days credit. With Amex you have to pay your statement at the end of the month and thereafter the interest charge is "punitive" said a spokesman - so beware.

## IN BRIEF

LEGAL & General is launching an improved version of its guaranteed pension fund that protects investors against stock market losses.

The second issue of its Guaranteed Equity Fund 11 guarantees that from the period July 2 1990 to July 2 1991, the unit price will not fall, even if the FT-SE 100 index falls, but will rise by 110 per cent of any increase. This is an improvement on the first issue which also offered protection against any fall in the market but guaranteed to provide only 95 per cent of any increase.

The offer is open to new investors owning the group's pension plans, while investors in the existing fund can move to the improved version. Closing date for the second issue is June 29; any sums received before that will be held in a cash accumulation fund.

Edinburgh Fund Managers has launched a special purchase scheme to provide small investors with cheap dealing charges for three of the investment trusts it manages: Brit-

ish Investment, EFM Dragon and American Trust. You can make regular monthly investments of only £30, or choose the lump sum option with a minimum of £250, and by dealing direct with EFM pay commission of only 0.5 per cent when buying. Selling is rather more expensive, between 0.5 and 1.5 per cent plus a handling charge of £10. Investments can be made in one or all of the three funds and by using the savings

scheme you can benefit from "pound cost averaging" (the size of purchases varying in line with market movements). The UK's first investment trust electronic dealing service will be launched in stages from the end of July by AT&T Istel in conjunction with NatWest Stockbrokers and County NatWest Woodmac.

Commissioned by the Association of Investment Trust Companies, it will make the buying and selling of investment trust shares easier for financial advisers and their clients.

STEWART IVORY Unit Trusts



## LOOKING BEYOND THE NEXT BOOM

In March of this year Stewart Ivory were ranked 5th out of all management groups in 'What Investment's' Management Group Of The Year.

Their survey ensured that "only management groups that have maintained consistently high performance" stood a chance of being highlighted.

And that's our goal for the future. For when the next stock market boom arrives our aim is not just to make short-term profits, it is to deliver long-term consistent results. With that in mind our management team is carefully examining future growth companies around the world and seeking to deliver strong portfolios that go beyond the short-term peaks and troughs.

If you'd like to know more about our full range of worldwide unit trusts please write to us at Stewart Ivory Unit Trust Managers Ltd., 45 Charlotte Square, Edinburgh EH2 4HW. Or telephone 031-226 3271.

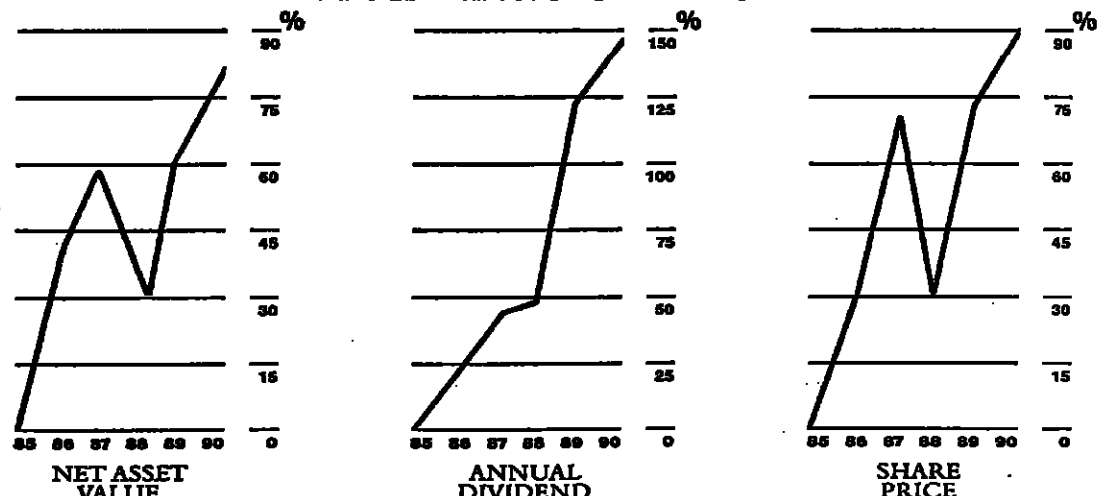
Please bear in mind though that the value of units may fluctuate and past performance is not necessarily a guide to their future performance.

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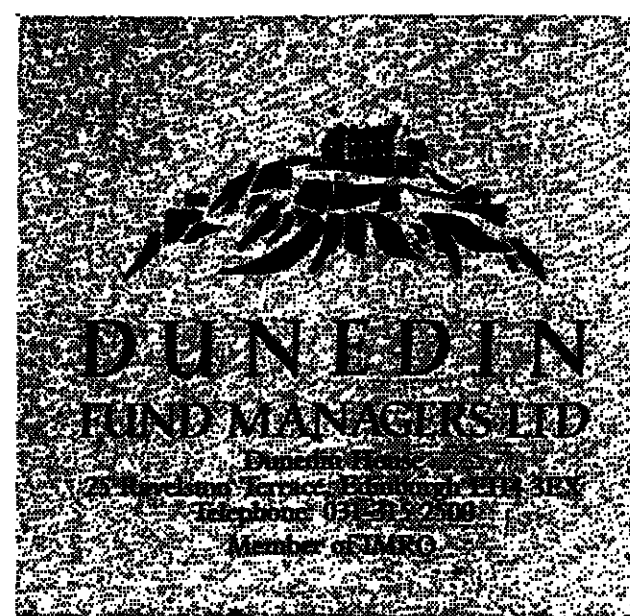
## THE EDINBURGH INVESTMENT TRUST plc

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## PERSPECTIVES

## Britain's last frontier yields its secrets

Rob Palmer goes diving, 300 feet beneath Cheddar Gorge in Somerset, to search for a legendary 'lost cave'

"... Cheder Hole, where is a cavity under the earth, which, though many have often entered and there traversed great spaces of land and rivers, they could never yet come to the end." Henry of Huntingdon, 12th century.

IS THERE a great "lost cave" beneath Cheddar Gorge in Somerset? Henry of Huntingdon, in a 12th-century list of the wonders of England, would have us believe so. The cave he wrote of was reputedly so big that wagons and horses could be stabled therein.

There are many caves in Cheddar Gorge. Several of the largest are even open to the public, though none fits Henry's description.

Last century a local man, Richard Gough, dug through earth and rubble at the end of the entrance chamber to reveal the present show cave. No underground river was found, though there were flooded shafts aplenty. "Gough's Cave" was rejected as a candidate for the legendary "lost cave."

Floods rushing down the Gorge, reservoirs, roads and houses constructed around the risings of the river - all these have helped raise the resurgence level of the River Yeo at the foot of the Gorge. Passages that medieval man might once have walked could well be sealed and flooded.

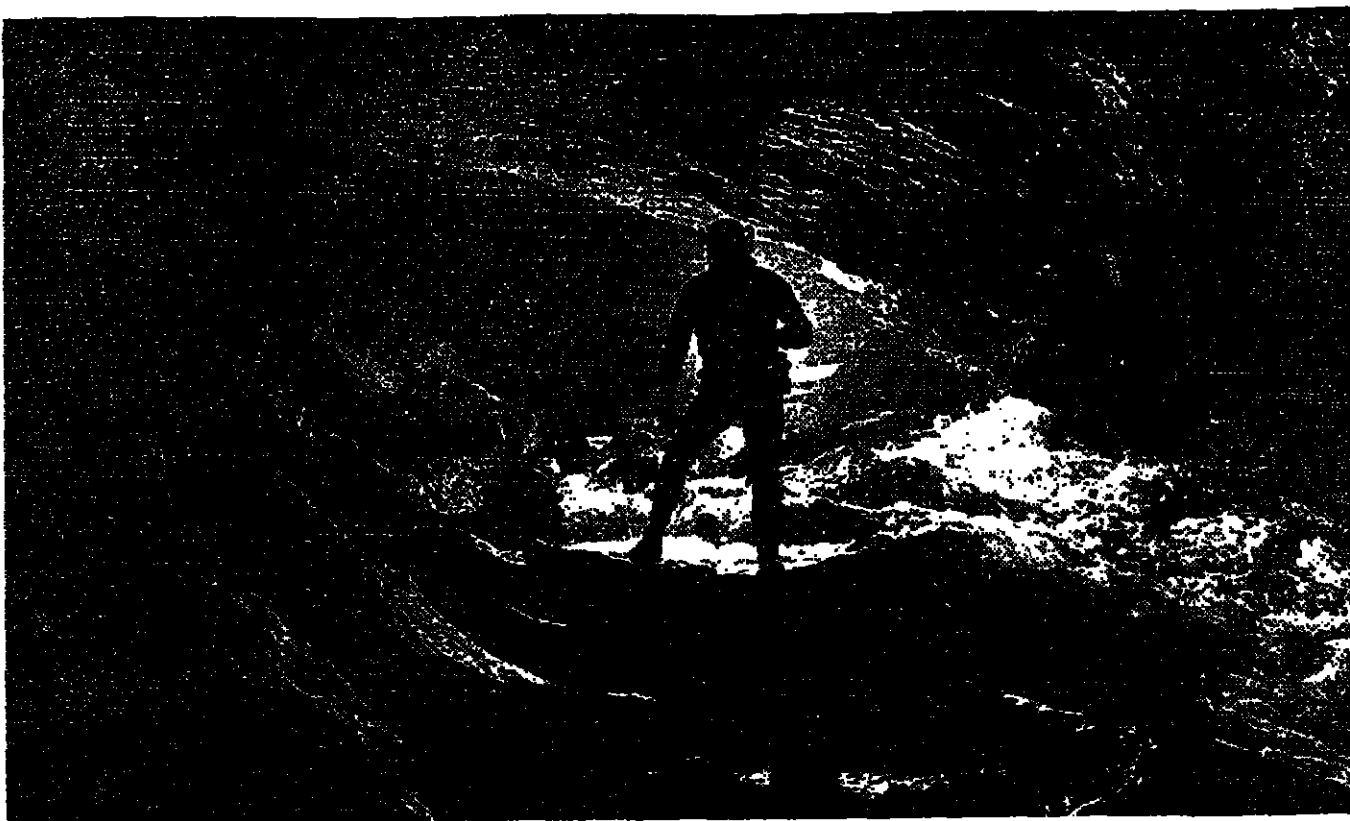
Between the points at which tributary streams sink underground and the resurgence at Cheddar lies a vast, unexplored

cave system. That isn't medieval myth, but geological fact. Cave divers have been interested in the Cheddar Risings for years. To most, this activity seems almost incomprehensible. The voluntary immersion of self into underwater caves, often constricted and utterly dark, is the claustrophobe's ultimate nightmare. It is, however, one of the last remaining mediums for real discovery.

The earliest dives, in the 1960s and 60s, were made in the grimly-named "Skelton Pit" - a deep, water-filled shaft named after a 10,000-year-old male skeleton, found when the cave was first dug out. Underwater, the shaft was choked with rubble - no way on there.

It fell to chartered accountant and cave diver Richard Stevenson to discover the missing river cave. Caught in his cups at the nearby Hunter's Lodge one night in 1985, he found himself agreeing to examine a horribly constricted, water-filled tunnel in a side passage to the main cave. Wriggling backwards in zero visibility, he dropped 25 feet down the corkscrewing tube to emerge in clear, flowing water in a large submerged passage. The Cheddar River Cave had at last been found.

Richard was joined by diver Rob Palmer and myself for a series of dives through the cave which took us far up the underwater passage to an air-filled lake chamber. Beyond this, the river plunged below rock again for a further 500



Sheppard's Crook, the final air chamber in Gough's Cave and overnight camp for the last dive

feet before coming up in the massive boulder-floored cavern of "Bishop's Palace" as large as the aisle of Wells Cathedral. Scrambling across the boulders we reached a set of blue pools - the "Duck Ponds" - from which the river flowed.

It had taken more than 1000 feet of underground diving to get there, through passages that could, if the river risings had been raised by only 25 feet, have once been air-filled. Was another entrance to these passages perhaps now

covered by cement, or sand, or boulders? If so, then this could indeed have been Henry's "lost cave." If not, perhaps it still awaits discovery.

The Duck Ponds held their own secrets. Beyond, the cave plunged deeper; down to a

gravel-floored squeeze 100 feet underwater. Wriggling through this, and swimming on, we surfaced in a small cavern, "Sheppard's Crook," through which the cascading river roared. At the end, another deep, underwater shaft; another dive. Fur-

ther dives showed the final shaft to be 190 feet deep - taking the cave more than 100 feet below sea level. Beyond the deepest point, the passage slowly rose up a gently inclining tunnel. In 1988, the "end" was 600 feet into this final underwater passage.

In May 1989, headed by dive co-ordinator Mike Hearne, a team of more than 30 divers and sherpas hauled half a ton of equipment through the passages to Sheppard's Crook.

Publicity surrounding this latest dive was an extra strain on the lead divers, Richard Stevenson and myself, placing an onus on us to perform well. If we didn't break air surface at the end of the dive, it meant 2½ hours of continuous diving, most of it decompressing on the line in the freezing waters just below the surface back at Sheppard's Crook.

Ten hours after entering the cave, Richard and I entered the final flooded passage, each carrying four air cylinders.

We reached the base of the shaft safely, but as Richard paused to change to his second cylinder, air gushed around him. It was a moment of crisis. He rapidly changed back again, but with one full tank of air gone, he had not enough to reach the end of the line. He had no choice but to retreat to Sheppard's Crook.

I was left to continue alone. Reaching the end of the existing guideline I dug the line-reel from its two-year covering of silt and set off into unexplored territory.

Three hundred feet above me, tourists looked down the Gorge in the sunshine. Beneath their feet, one of the last bits of unexplored Britain was yielding up its secrets.

The underwater cave was massive. In mid-passage, 10 feet from either wall, I swam over a floor of sand and boulders, with striated mud cliffs on either side.

Finally, 1,000 feet into the passage, what we had been dreading happened. I discovered the roof of the cave had fallen in.

A massive boulder pile, running the full width of the cave, blocked the way on. The river flowed from it, through muddy holes too small to penetrate. A brief search, with the limited air reserves remaining, found no other way on, and with a heavy heart, I turned for the downhill swim to Sheppard's Crook and my long, cold, solitary spell of decompression.

Richard and I camped overnight in Sheppard's Crook, and an early start the next morning saw us emerge into the Sunday sunshine to a late breakfast and an early pluit.

Was it worthwhile? Despite the disappointment of not finding more dry caverns, a major advance was made and the dive, one of the most complex made in Britain, was undertaken safely.

A Canadian, George Benjamin, when asked what made a successful dive, once said: "First I count my divers. If they are all back safely, it is a successful dive." Perhaps that matters most of all.

## Archaeology

## A home from home in mud, rock and seaweed

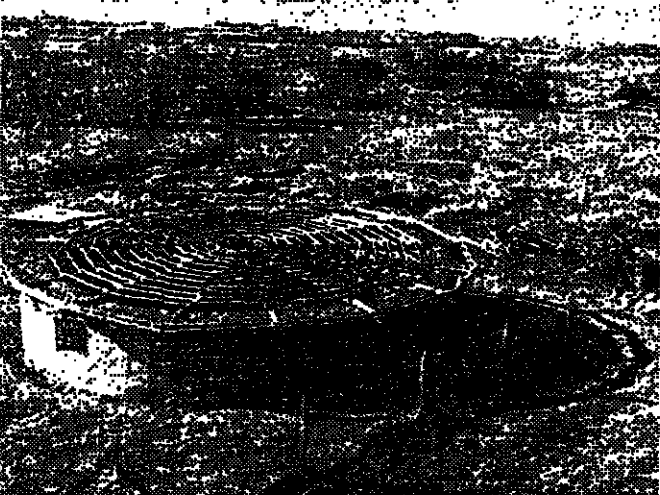
MUD IS a glorious material to build with, says Paul Croft, an archaeologist who last year built a house in Cyprus which follows closely the plans of Cypriot houses of 5,000 years ago. The houses are cool in summer, warm in winter and you quarry the mud right on the spot.

Croft's reconstruction at Lemba, outside Paphos, of an ancient round house built of mud is an experiment by Edinburgh University's Lemba Archaeological Project whose digs, led by Edgar Peltenburg since 1976, have brought Chalcolithic (copper-stone) Cyprus to life. This period in the 4th and 3rd millennia BC marked the transition from the stone-tools-only Neolithic to the period when the island was starting to make use of its abundant copper supply.

The Edinburgh team has dug three Chalcolithic villages of mostly round houses. They have had good finds, notably stylised stone figurines of women with arms at right angles making a cross. Small ones can be worn on a necklace, and must have been valuable amulets that helped childbearing and the continuity of the family. The early Cypriots thought them so important that the larger female figures actually show these pendants - miniatures of themselves - hanging on necklaces.

Peltenburg's best find is a bowl that is a model of a round building complete with a central hearth, platform and painted walls. In it were a conch shell and figurines which had been broken or disfigured as if to set them apart. One is a woman giving birth. Does that mean we should interpret the building as a shrine? Or was it meant to be a birthing house, which would make it the world's oldest obstetric unit? We do not know, but a birthing house at that time might also have been a holy place. What is certain is that its architecture is that of the houses the team digs up full size.

The full size Chalcolithic round house that Croft has made in the late 20th century has an outside diameter of 10m and walls 70cm thick. It provides comfortable room for 40 people, and could easily hold 40 more. In the centre is the platform for the hearth, and above it a lantern raised in the roof to allow smoke to escape and light to enter. Around the



Paul Croft's round house: based on a 5,000-year-old design

hearth four posts have been set in a square to support the roof beams, which rest also on the thick mud outer wall.

Getting the mud was easy and economical. There was masses of it on site where the house floor would go. Once Croft had dug the foundation trench for the wall, he could begin to remove the earth inside the circle and make a flat surface for the floor, partly terracing one side into the gently sloping ground. Then he attacked the soil dumps left from the adjacent archaeological dig. That was enough mud. What to mix with it was more of a problem. He asked villagers who remembered how houses were built in the days before concrete, what they would do. They had the answer: seaweed.

Croft brought it up from the sea, puddled it in with the soil and started to build his thick mud wall on a foundation of stones collected from the fields around. He did not shape the mud into bricks but applied it in wadges as dry as possible but with enough moisture for it to stick. As soon as one bit dried he applied the next wodge.

He finished the wall with a skim of mud plaster which soaks insects getting in. There is one door, that swings on an ancient pivot stone found in the dig, and a window.

For the roof he has followed a traditional village scheme, adapting it to a round building. Sixteen pine beams fastened by pegs of olive wood radiate as spokes from around the central hearth. In these spokes he cut

notches for 256 pine cross beams. Then he covered this frame with myrtle branches and seaweed.

On top of the myrtle went 16 tonnes of white sticky clay. The roof is set with stones round the eaves which project 90cm to stop rain running off into the wall which would break it up. The clay is a marvellous insulator but it does need rolling after a storm to keep a compact surface and prevent water getting through. That is when Croft also checks the walls for cracks. And some times he has to weed the roof.

The job took Croft and his helpers only 140 man-days, but that does not include plastering the earth floor or painting the walls to reproduce the brilliant orange colour on the model birth house/shrine. He thinks a more realistic estimate is about 300 man-days or a small extended family working for a month to make a new house before one of them married.

The Lemba round house has given Paul Croft immense respect for the skills and natural efficiency of the Cypriots of 5000 years ago. His next job is to paint the walls and monitor how well the house survives. All this gives direct insight into the Chalcolithic way of life. The house is already becoming an attraction for visitors (ask for directions in Lemba village) and several Cypriots have been so impressed they have asked Croft to build them houses just like it.

Gerald Cadogan

FANATICS ON the fringe can spell death for any cause, which is why animal rights campaigners have been in considerable distress this week following two car bomb attacks on animal scientists, one of which wounded a baby in a pushchair.

The appearance of a particularly ugly form of terrorism when everyone thought the militants of the Animal Liberation Front were safely behind bars, has led some people to doubt that animal-lovers are involved.

Campaigners in Bristol, where the second bomb exploded, are even suggesting that the bombings were an attempt to discredit the movement. Robin Askew, a former activist and now a freelance journalist in the city, admitted this was "the paranoid conspiracy theory," but added that it was "not beyond the realm of suspicion."

The outsider theory appeals to peaceful protesters because it helps them explain a number of puzzles, including the sophistication of the devices and the failure of the police, after 18 months, to catch the perpetrators of the explosion at Bristol University senate house despite interviewing all known animal rights sympathisers. (Askew himself was among those held for questioning.)

It also helps them explain the illogicality of such outrages at a time when the movement is looking more effective than at any time since the days of the Victorian animal welfare reformers like Henry Salt or

## A bloodstained crusade

Christian Tyler on the animal rights movement

"Humanity Dick" Martin

Large sections of industry have been thrown on the defensive by ideas that would once have been considered the dreams of crackpots and cranks. Some cosmetics companies have given up testing their products on animals. The retail fur trade has been hunted almost to extinction. Factory farmers and animal feed manufacturers are under ever greater pressure following the health scares about salmonella in eggs and now "mad cow disease."

The supermarkets are flaunting organic food. In some schools animal dissection has been removed from the biology syllabus. Vegetarianism formerly seen as faddist, is becoming commonplace: quite young children are giving their parents anxieties by refusing to eat meat.

Mark Gold, director of Animal Aid, a leading lobby on the legitimate wing of the movement, claims that animal rights is "the coming issue" and the rise of vegetarianism "one of the most profound changes in society today." He explains this large claim by saying that today's children are the first generation to be confronted with the moral and scientific arguments and the first to make the connection between flesh-eating and their instinctive love of animals.

There is nothing fanatical about Gold: nor does he look like a crank. He runs Animal Aid from a warren of first-floor rooms, jumbled with leaflets, files and boxes, just off the High Street in the respectable dormitory town of Tonbridge in Kent. Animal Aid was founded by a local school-teacher under the influence of a book that appeared in 1977, "Animal Liberation" by an Australian philosopher Prof. Peter Singer. It has 14,500 members, "from doctors to dustmen."

Gold's account of the animal rights philosophy has a compelling consistency about it, even if some of its moral prescriptions seem impossibly idealistic.

The argument is that you should go through life causing as little damage and interference as you can, whether you are dealing with a human being, a monkey, a rabbit or a limpet on the seashore. Life is sacred: that is why terrorism is evil and cowardly, whatever the cause," he said this week.

"It's not sentimentality, it's logic. If you put the question 'what is it that animals lack that justifies eating them or torturing them?' then people start to realise that their abuse is not justified any more."

The traditional answer to that question, dating back long before Descartes' dualism, is

that man has an immortal soul and animals do not. It, thanks to Charles Darwin and modern experimental psychologists, man has given up his claim to possess a soul then he has lost his special status: that would help explain the modern appeal of the animal rights movement.

For the moral case advanced by lobbyists like Gold is based on what they see as scientific evidence. He said: "Science has taught us that the similarities between animals and humans is greater than the differences. Therefore the moral basis for our exploitation of animals is taken away: it becomes as indefensible as negro slavery or sending children down the mines."

Farming, for him, is like sentencing animals to life imprisonment followed by execution. "It's not sentimentality, it's logic. If you put the question 'what is it that animals lack that justifies eating them or torturing them?' then people start to realise that their abuse is not justified any more."

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Wellington: a real gentleman

## Genius of the Place

## Every duke has his day

THE BAD poetry of good poets is a curious and surprisingly sizeable collection: and one old gem of that collection is Tennyson's Ode on the Death of the Duke of Wellington. It was published on the morning of the Duke's funeral.

"Where shall we lay the man whom we deplore?" asks the Laureate. "Here, in streaming London's central roar," is the painful reply.

Tennyson did honour to closer friends or more chronologically remote heroes: the Duke is served badly by that Ode. Nor, I think, is the Duke served any better by Richard Westmacott's bronze colossus in Hyde Park - the Achilles cast from captured cannons and dedicated to Wellington by the women of Britain.

The Duke was a gentleman, and knew damn well that gentlemen do not remove their

shirts in Hyde Park, let alone their trousers. But I like to imagine that the Duke has enjoyed his presidency over 55 notes. His aquiline countenance and folded arms have seemed to epitomise the safekeeping of the very Bank of England.

There he has been honoured since 1971, and the news that he is to be stripped of even this basic compliment - British engineer George Stephenson will appear on the new fivers - has prompted me to pay a visit to Apsley House, the Wellington Museum.

Apsley House, administered by the Victoria & Albert Museum, has an easy address. Number One, London: as simple as that. It stands off Hyde Park Corner and it is filled, predictably, with trophies of the Indian and Peninsular campaigns, gentlemanly perquisites, decanters and paintings.

Goya and Velasquez are worth seeing at Apsley House; but the prize object is not a picture - it is the oversize nude statue of Napoleon which stands in the stairwell. It was carved by Canova, and is no doubt cherished by the V & A. Canova's Three Graces may well make their bottoms across the Atlantic, but were Canova's nude Napoleon lost to the nation, it would be a proper disaster.

This statue is a monument to pomposity and appalling taste. What Canova did to the Emperor is far worse than what Tennyson and Westmacott did to the Duke; we need this statue to remind ourselves what a service Wellington did us by worshipping this absurd depot.

Upstairs at Apsley House

gives us the image on our banknote, the portrait done by Sir Thomas Lawrence in 1815. But the exterior of the house tells another story. Tennyson, when saluting Wellington as the "Iron Duke," was aware of the Duke's ferocious epithet: whether it referred to his hard captaincy, or the iron bars that had to be fitted to Apsley House in order to keep vulgar assassins at bay.

The same crowd that swelled for an enormous funeral in 1852 had once tried to lynch him. The Duke - an aristocrat in the truest sense of the word - would have understood that. Commoners are with you one day, against you the next; they cannot know what is best for them; therefore they need to be led by someone whose vision is fixed, whose constitution is iron, and whose politics are Tory.

His failure, of course, was that he had no failures. Had he died at Waterloo he would have received a more trenchant poetic commemoration. Many native visitors to Apsley House may find it a nauseating record of success: we see there none of Goya's horrors of war, only the pomp of victory, or the trivial pride of accolades. It is much easier to cry: "O Captain! My Captain!" when your captain lies dead on the deck. So we commoners go our way. One year we are told to fight with the Duke; the next, someone else is in vogue.

■ The Wellington Museum, Apsley House, is open Tuesday-Sunday, 11am - 5pm. Tel: 071-499-5676 for information on guided tours.

Nigel Spivey

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Sister Superior

IMAGINE: it is your big celebration dinner at Claridge's. As the champagne courses through your bloodstream, you cast a speculative eye at one of the waitresses. To your horror the lights suddenly dim and, to the accompaniment of muffled tittering, the waitress walks provocatively towards you. . . "Oh my God, it's a Strippergram!"

Your life flashes before you, as you try to avoid your wife's acid stare. But suddenly you find the waitress is singing, not stripping: she has turned into Despinia, Mozart's true heroine of *Così fan Tutte*, performing that aria you especially liked from Act II.

## Lasagne Verdi for supper

Congratulations: you've been struck by an Operagram.

Operagrams are the latest craze for embarrassing your friends and colleagues. They come from the same family as Tarzan-o-grams, Fat-o-grams and the like, but they are considerably more sophisticated, professional and painless.

They are the invention of Manga Leigh, a musicians agent, and the idea came from a birthday party for her son. "I hired a tenor to sing from Wagner for him and it was so successful that I thought: 'Why

don't I do this for a living?'" She teamed up with John Strange, a tenor currently rehearsing in the chorus of *William Tell* at Covent Garden, and four months ago set up the first Operagram agency.

For a fee of roughly £120 (depending on the travel and "extras" involved), which includes one singer and an accompanying musician, Operagram will perform anything from Gilbert & Sullivan to Wagner. The price is comparable with that of the most expensive seats at the Royal Opera House but it does

bring a slice of opera to your own own living room.

They can perform in costume on request or compose a ditty to accompany the music. At a party for the interior decorators Paint Misbehavin John Strange, doubling up as chief ditty-writer, put words to the music of 'Ain't Misbehavin'.

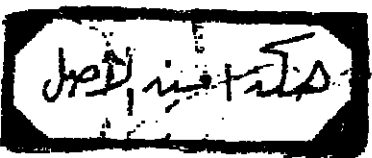
All the singers have sung at the major opera houses, either individually or with the chorus. They are on Operagram's books to keep the cash flow going. So, although you may not hear

a Pavarotti, the singing is passable and professional. Clients so far have included a group of old Etonians on a stag night, radio personality Derek Jameson, the Countess of Hillsborough and LBC's Barry Burman.

Whether an Operagram beats a ticket to the opera as a gift idea is not clear but, after my one brief encounter - mortifyingly, over dinner - with a male strippergram, I'd say give me an operagram any day.

(Operagram, 11 Radnor Mews London W2. 071-402-3167/8).

Melanie Cable-Alexander





## HOW TO SPEND IT

Lucia van der Post reports on the new craze for perfect parkas and peers into cupboards that open up a new angle in design

## Clothes for good sports

ONE OF THE strongest themes this summer is that day and evening wear, smart "event" clothes and street clothes have all borrowed from the comfort, shape and ease of sportswear. Whether a grand and exclusive couturier or a designer catering for the masses, hooded parkas, bomber jackets and anorak shapes combined with drawstring trousers and easy shorts and skirts are everywhere.

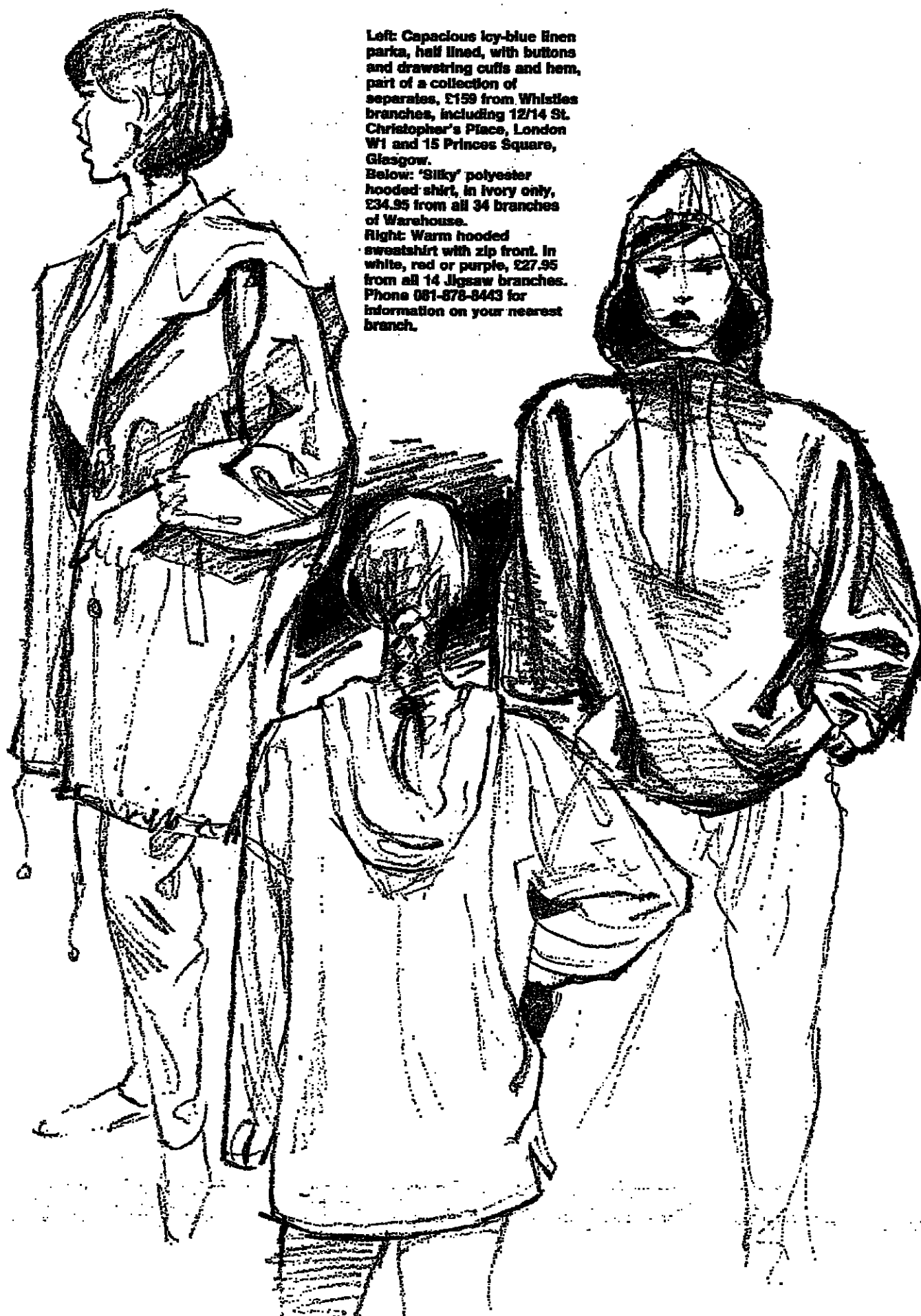
Taking an informal, sporty shape or style and turning into something luxurious and exclusive by using fine fabrics and handmade detailing is not new - cashmere jumpsuits, leggings, raincoats and anoraks in silk, duffel coats in finest wool, vests with sequins, all are now a regular part of many designers' vocabulary. This season there is scarcely a designer who hasn't got a hooded shirt, dress or parka in his range. Browns of South Molton Street, London W1, stocks a particularly beguiling selection. Jean-Paul Gaultier's funkier black, brown and navy hooded jackets in silk and linen mixes come either with sleeves at £205 a time, or as waistcoats at £335. Katharine Hamnett has an olive-coloured parka at £360. Donna Karan a red jacket rather like an anorak at £255 and Rifat Ozbek has the slinkiest of them all with an 80 per cent nylon/20 per cent rubber fitted dress with a hood at £455.

If you don't fancy those sort of prices then most of the chains that are the mainstay of the middle-income fashionable dresser offer versions of their own. All 14 branches of Jigsaw have hooded shirts in silk with matching shorts, trousers and skirts, but probably the best draw of all is their wonderful padded silk parka - in white, black, brown, orange and (if you are lucky and you can find one, so quickly have they been selling) a marvellous flame red. The shirts, in 100 per cent silk, are £45, the padded parkas at £110 are warm enough to provide a fashionable cover-up at many outdoor events.

You should also look out for Warehouse, which is bringing out a collection of sporty-looking items all in washed silk. Included in the range is a warm, padded, zipped and hooded silk parka. In the meantime Warehouse has any number of hooded T-shirts and jackets, shirts and blouses.

Whistles has a linen collection in wonderful colours (in particular a dapper icy blue) in its nine branches. There is also a group of silk separates dyed in identical colours that mix well with it - shorts, shirts, trousers and skirts.

If you're wondering how you wear them the answer is that it doesn't really matter. The young girls round town put



Left: Capacious icy-blue linen parka, half lined, with buttons and drawstring cuffs and hem, part of a collection of separates, £159 from Whistles branches, including 12/14 St. Christopher's Place, London W1 and 15 Princes Square, Glasgow.  
Below: 'Silky' polyester hooded shirt, in ivory only, £24.95 from all 34 branches of Warehouse.  
Right: Warm hooded sweatshirt with zip front. In white, red or purple, £27.95 from all 14 Jigsaw branches. Phone 061-878-8443 for information on your nearest branch.

them on over vest tops or skimpy stretch tops and team them with shorts or track-suit-shaped trousers, in which case they often look slightly funky and very up-to-the minute. Those who are older tend to wear them as jackets over shirts or dresses - the padded silk parkas are ideal for this. Sketched here are just three of the versions currently around.

## File under frivolity

CUPBOARDS, IN my experience, are not usually jaunty pieces of furniture. Sometimes beautiful (in which case they come very expensive indeed), sometimes pompous, often boring, often ugly... but jaunty? No, not often. As for filing cabinets, Ryman and Sir Terence Conran between them made valiant attempts to jolly them up, painting them in varying colours from eye-boggling shocking pink to chic, discreet grey - still they looked indubitably like good, solid, sensible filing cabinets.

The answer for those who have given up hope of finding ready-made cupboards or containers that are both visually appealing and do the job might be to turn their minds to commissioning something special.

Howdie bespoke furniture makers is one of the growing number of companies that might be worth looking at. Started by Clive Howdie in 1983, the team of designers and craftsmen has tackled anything from small one-off pieces like filing cabinets and garden seats to complete ranges of office furniture and kitchen and bathroom fittings.

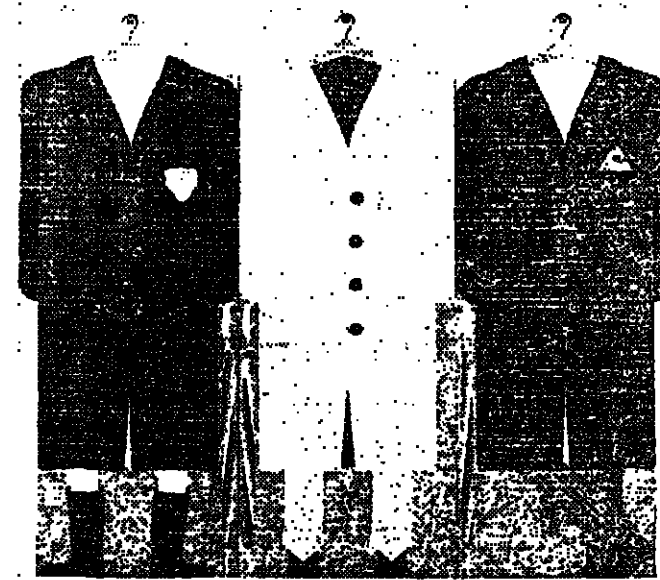
Pictured here below is... you would hardly credit it... a filing cabinet. Inspired by Spanish beach huts, it is just 3 ft high and is painted in combinations of blue and white (for the stripes), with touches of red. It is a filing cabinet that not only does the job but brings a touch of fun to the home or office. To commission something similar would cost about £1,500.

For the same clients - a Docklands-based firm of chartered accountants - Howdie designed and built a filing cabinet which fitted in the space under a flight of stairs. This time it was inspired by sailing ships that the client had seen on a Greek holiday. At the top is sun and sky, with white sail and ship's railing below, and lower still a fine rim of blue suggests the sea. Something similar would cost about £4,000.

Howdie has a shop at 9, Marylebone High Street, London W1 (tel. 071-224-6453) where quite a few of their pieces can be seen and through which commission can be placed.

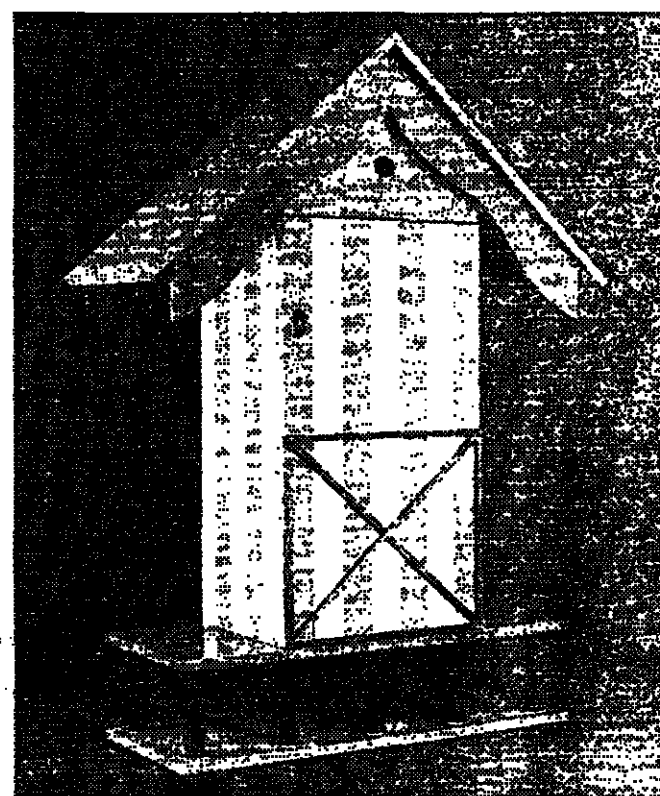
Andrew Varah is another designer who believes that a little humour need not be amiss. Being a designer who believes in giving his clients what they are looking for he has, of course, designed plenty of serious furniture and has a list of impressive clients.

To give you some idea, however, of the charm of fine workmanship allied to a little



Andrew Varah's Umbrella Men Wardrobe

humour here (above) is his Umbrella Men Wardrobe - 6 ft high, 7 ft wide and 1 ft 6 in deep, it is a finely-made example of what can be done by using the old technique of marquetry in a thoroughly modern way. Andrew Varah has used Ripple Satinwood, Rio Rosewood, American Black Burr Walnut, Oak, Walnut and Cherry to produce this very distinctive wardrobe. He has in mind to produce a whole range of other specialist wardrobes



A Howdie cabinet inspired by Spanish beach huts

## Attention you 'orrible computer users

Max Wilkinson puts new PC recruits through a spot of drill



LIKE THE British army, computers are run under two distinct chains of command which are supposed to march in perfect step, but which can spread fatal confusion among the unwary.

The programmes most people associate with their computers, costing perhaps £200 to £300 - or illegally copied from a friend, of which more later - are the office class. These are the word processing, spreadsheet or database packages in shiny boxes with fat manuals.

They could not perform their duty without the unobtrusive service of a lower order of programmes, which organise the fetching and carrying of data, the management of memories and discs. They are, in short, the sergeants and corporals of the computing world which impose discipline on the machine's data flow and keep it in a constant state of alertness to carry out the next instruction.

Programmes exercising higher command are called "applications programmes," the other ranks routines are called the "operating system."

Fortunately most users don't need to know how these NCO programmes carry out their tasks, but like any good commanding officer, a user must at least know how to deal with them, and have a passing

acquaintance with their peculiar language. A CO who asked the corporal to "pop into my office when you have a sec" would risk grave misunderstanding. So also the master of a new personal computer must address the operating system strictly in form; and time spent learning a few snappy commands will avoid endless confusion later on.

The IBM-compatible personal computer chosen by a first time buyer will often be supplied with a version of the operating system, DOS (Disc

Operating System). This will be loaded into the machine's main memory (automatically in systems with an internal fixed disc) as soon as the machine is switched on. DOS will at once make a record of the machine's memory, and other functions, report that all is present and correct and then carry out any routine tasks that the user leaves for it in a file called AUTOEXEC.BAT. DOS then stands to attention presenting an inscrutable face of "A" printed on the screen, or a similar letter. This signifies that the machine is ready to fetch any programme or file from the disc named A and run it.

A new user really must now invest some time learning the simple DOS commands for copying a file (COPY), displaying a directory of files (DIR), shifting to another disc (just type the disc's name, eg B followed by a colon) and half a dozen other square-bashing routines.

It is folly to neglect this basic drill, even though many computer shops will try to sell self programmes such as Norton Commander or Windows which can, like a warrant officer, translate the harshness of the lower ranking programmes into more a civilised and easily understood parlance. These are good programmes, which can make a computer pleasanter to use. However a user who is frightened of DOS will never be at ease with the machine.

The next question is which applications programmes to buy, starting, as most people do, with a word processor. In some cases, like the Amstrad

PCW range, the word processing programme is included (but Amstrad's *Locoscript* still ranks as a good system). More usually, however, a user will have to buy separately. Unfortunately the array of choices is unsatisfactory, since prices range from about £3 to £350 with a big gap in the middle.

At the top of the range four or five programmes jostle for position. *Wordstar* and *Wordperfect* are the best known, although there are half a dozen other good systems including Microsoft's *Word* and Borland's *Sprint*. *Wordstar* was the pioneer in spite of a reputation for being difficult to learn. *Wordperfect* developed later, avoided indigestible codes. It is still perhaps a little friendlier, although *Wordstar*, in its later versions runs neck and neck and retains the loyalty of many users. An advantage of *Wordstar* is that its conventions are so common that they have been incorporated into other software products so users that have mastered them may find other programmes pleasantly familiar.

Although all the leading systems are fairly easy to use, they include many advanced facilities and are expensive. *Word Perfect 5*, for example, includes a superb system for cross referencing footnotes, but this is hardly worth £250 if you want to write letters to your broker. Unfortunately few vendors are prepared to sell earlier (and simpler) versions at reduced prices.

This is one reason why illegal copying is so widespread. If you want to obtain *Wordperfect* version 4.5, for example, a sophisticated system more than adequate for most domestic needs, you will find it very difficult to make a legitimate purchase. Yet the proliferation of illegal copies is attested by the fact most large booksellers are well stocked with instruction manuals (costing about £30) for this outdated version.

Alternatively you can buy a "shareware" programme from one of the many firms advertising in the computer press. Programmes like the well regarded *PCWrite* may be copied legitimately and passed to friends. Although shareware programmes are often amateurish, the best, such as Pro-

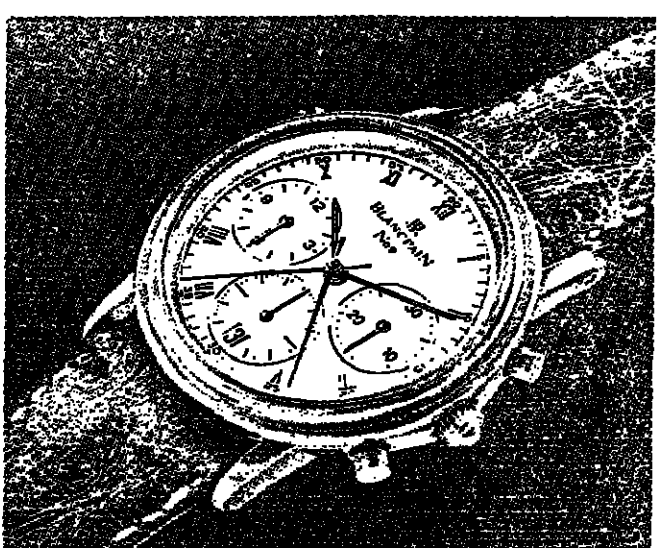
comm, a system for communicating with other computers by telephone, are superior to many "professional" products. The cost is low - £3 to £5 from an agency (nothing from a friend), plus an optional donation to the programme's makers. If it works for you.

Unfortunately, you can't buy manuals for most shareware. Instructions come in a file on the disc often labelled README. Lewis Carroll would have delighted in the fact that the instructions on how to read the README file are contained in the file that you are trying

to read. Fortunately Sergeant DOS can get you out of this one with the terse command PRINT, always assuming your printer is properly plugged with plenty of paper (more than 100 sheets in some cases). This may be too much of a hassle for the tyro.

The simplest answer undoubtedly is to buy an Amstrad PCW (I would opt for the two disc version) complete with operating system, printer and word processor, all designed to work together.

So, if you have the money and patience, there is a lot to be said for buying the best IBM PC clone you can afford and resigning yourself to at least as weekend's assault course with the manuals. Otherwise stick to a pen.



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### *Carrie Segrave on home prices in and around Cambridge*

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**John Brennan**

have stopped holding off until the market recovers. She says, "They realise that it could take as time to sell and they may as well put their homes on the market now; if they don't get any reaction they may withdraw."

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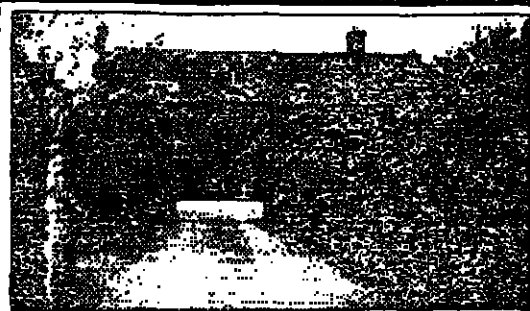


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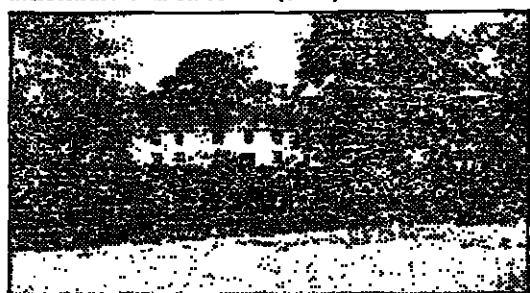
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**Devon.** Thiverton 10 miles. An elegant Grade II 5 bedroomed country house in a private and sheltered valley. Annex, 1 x 3 and 1 x 2 bedroom cottage. Buildings with p/p for conversion to 4 residential units. Modern general purpose farm buildings. Land. Woodland. Fishing rights. About 60 acres. For sale as a whole or in 3 Lots. Price guides: Lot 1: Region £500,000. Lot 2: Region £120,000. Lot 3: Region £45,000. Exeter Office: Tel: (0392) 215631. Ref: 13A9748.



**Leicestershire - Glaston.** Uppingham 2 miles. Leicester 21 miles. A fine village house Listed Grade II with glorious gardens and 2 trout lakes. Reception/dining hall with minstrel gallery, breakfast kitchen. 2 reception rooms, billiard room. Master bedroom with en suite, dressing room and bathroom. 3 further bedrooms and bathroom. Office. Stabling. Garaging. Paddocks & copse. About 6 acres. Market Harborough Office: Tel: (0858) 33123. Ref: 11A90128.



**Kent - Nr Sevenoaks.** Sevenoaks 7 miles, London 30 miles. First class residential farm in unspoilt countryside with excellent communications to London. 3 reception rooms, breakfast room. 5 bedrooms, bathroom. Adjoining 2 bedroom Oost house. Outbuildings. Two 60 tonne cold stores, pack house. Productive orchard. Strawberry fields. Woodland and amenity land. About 69 acres. Region £250,000. Canterbury Office: Tel: (0227) 451123. Ref: 8AC3275.



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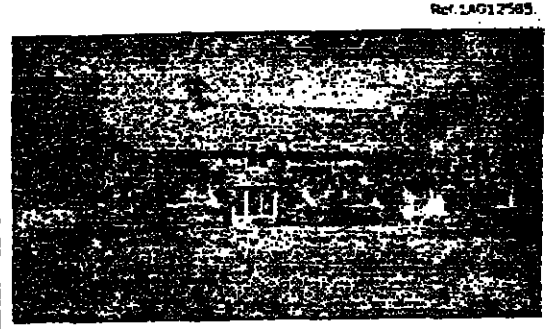
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**Surrey - Bramley.** Godalming 2 miles, Guildford 6 miles (Waterloo 35 minutes). A charming 17th Century country cottage in a magnificent rural setting with views across wooded farmland. Hall, drawing room, dining room, study, kitchen/breakfast room. 3 bedrooms and bathroom. Garage. Gardens and grounds. About 2 acres. Excess £275,000. London Office: Tel: 071-629 7282. Ref: 1A91258.



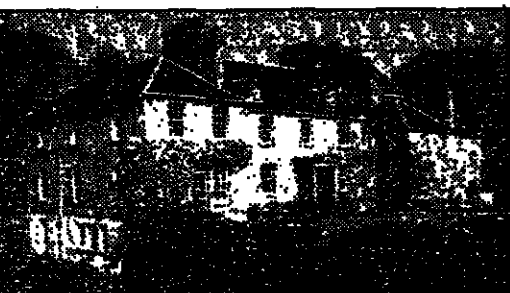
**Leicestershire - Hambleton.** Oakham 3 miles. Stamford 9 miles. Peterborough 20 miles. A magnificent Grade II 17th Century house set on the edge of Rutland Water. Hall, 3 reception rooms, 4 bedrooms, 3 bathrooms, attic room. Outbuildings. Garaging. Stabling and covered yards. Gardens & paddock. About 2 acres. Further land possibly available. J.A. Savill's, Stamford: Tel: (0780) 66222. Strutt & Parker Market Harborough Office: Tel: (0858) 33123. Ref: 11A90127.



**Kent - Marden.** Maidstone 7 miles, Marden Station London BR 50 minutes. A traditional timber framed period farmhouse in an unspoilt rural situation, requiring some updating. 3 reception rooms, kitchen, store room, shower room/cloakroom. 6 bedrooms, bathroom. Period byre, timber framed barn. Outbuildings. Gardens. Small paddock & ponds. About 1.5 acres. Region £325,000. Canterbury Office: Tel: (0227) 451123. Ref: 8CC3288.



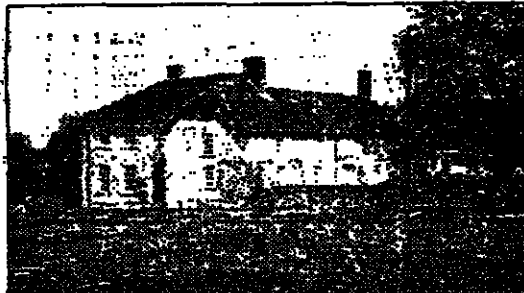
**Cambridgeshire - Nr Stamford.**  
Peterborough 8 miles. A magnificent Grade I Jacobean Manor, "reputed to have the finest Jacobean facade in the county". Reception hall, 5 reception rooms, 6 principal bedrooms. 3 bathrooms and 3 secondary bedrooms. Coach house with garaging, stables and 2 bedroom flat. Landscaped gardens with swimming pool, tennis court, walled garden. River Meadows with frontage to River Nene. About 20 acres. London Office: Tel: 071-629 7282. Market Harborough Office: Tel: (0858) 33123. Ref: 11A9133.



**By St. Andrews.** Edinburgh (Airport) 54 miles. Dundee (Airport) 10 miles, St. Andrews 2.5 miles. An 18th Century category "B" Listed country house, set amidst beautiful gardens & wooded policies. Hall, 3 reception rooms. Game larder. Billiard room. 2 suites of bedroom and bathroom, 8 further bedrooms, 3rd bathroom, shower room. South wing three 2 bedroomed flats. About 5.5 acres. Excess of £375,000. Edinburgh Office: Tel: 031-226 2500. Ref: 38A94081.



**Hertfordshire.** Braughing 1 mile, Buntingford 3 miles. A spacious Grade II country house adjoining the River Rib. Hall, 3 principal reception rooms. Long gallery. Master bedroom suite, guest bedroom suite, 4 further bedrooms and bathroom. Self-contained staff flat. Garaging. Outbuildings. P/C to convert garage into 2 bedroom cottage. About 2.5 acres. Region £250,000. J.S.A. Hemptons: Tel: (0279) 758363. Strutt & Parker St. Albans Office: Tel: (0727) 40285. Ref: 18A90220.



**Wiltshire.** Warminster 3 miles, Shaftesbury 12 miles. An outstanding residential dairy and arable farm. Grade II manor farmhouse. 4 cottages. Buildings with Listed barn and stabling. Modern farm buildings, cow dairy unit & grain storage. Acres of productive farmland (part Grade 2). Permanent pasture. 681,777 litres milk quota. 2 ranges of farm buildings with consent for residential conversion. About 638 acres. As a whole or in 3 Lots. Salisbury Office: Tel: (0722) 28741. Ref: 7A8960.



**Warwickshire.** Leamington Spa 4 miles, Coventry 10 miles. A gracious country house in a superb setting with first class communications. Hall, 4 reception rooms, conservatory. Master suite of bedroom, dressing room, bath & shower rooms. 7 bedrooms & 4 bathrooms. 4 secondary bedrooms & bathroom. Garaging with flat over. Stabling. Swimming pool. Hard tennis court. Landscaped Gardens. Parkland. About 15 acres. Moreton-in-Marsh Office: Tel: (0608) 50502. Ref: 18A9535.

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## LINGFIELD, SURREY

Rural Position 1 Mile Village & Station

Fascinating 17th Century Spacious Detached House, Tastefully Modernised & Restored with Immense Character & Wealth of Beams



6 Beds, 2 Lux Baths, Fine Galleried Landing, 3 Reception Rms, Brkfst Rm, Kitchen, 2 Cloaks, C.H., Garage/Stabling, 34' Pool, Delightful 2 ACRE Secluded Gardens & Grounds

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OVER £460,000

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LINGFIELD  
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## William H. Brown

YELDON, NORTH BEDFORDSHIRE  
Bedford 6 miles, London St Pancras 50 minutes

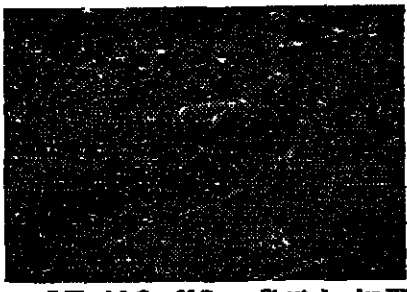


A delightful country cottage, having undergone considerable renovation yet retaining the important period features contributed to a property of this nature.

Hall, three reception rooms, kitchen/breakfast room, four bedrooms, family bathroom, garaging, private garden, delightful views.

OFFERS IN THE REGION OF £138,000.

## JOHN D WOOD & CO



**RIVER THAMES - COOKHAM**  
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A FREEHOLD ISLAND OF ABOUT 3.5 ACRES WITH MOORING RIGHTS

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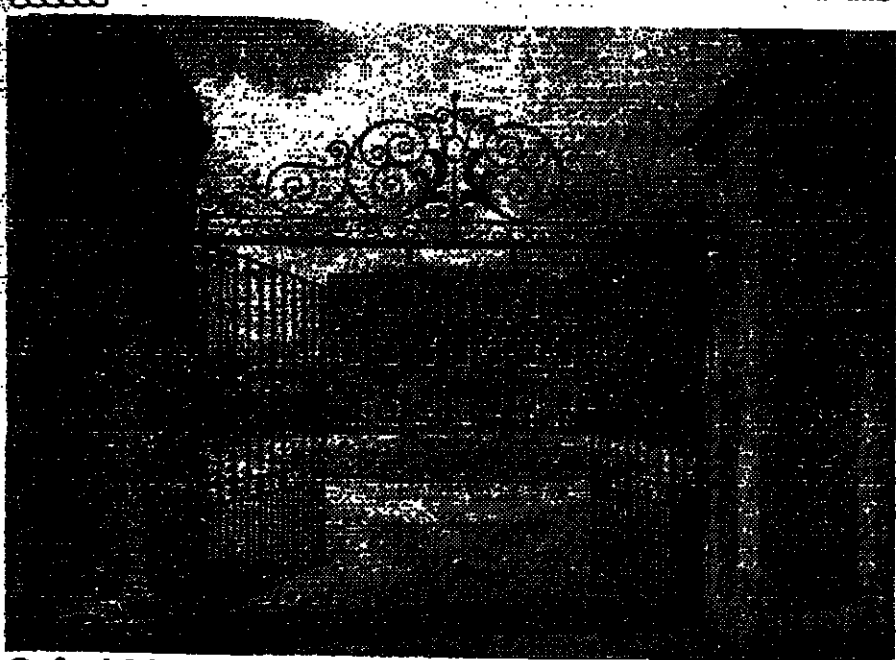
ST JAMES HOUSE, 13 KENSINGTON SQUARE LONDON W8 5JD  
071-937 9684/937 9684 Fax 071-936 4279

Handwritten signature or mark.



## Jackson-Stops & Staff

HEAD OFFICE: JACKSON STREET, LONDON W1Y 7PL



### Oxfordshire, 43 acres

Newington, near Wallingford.

An elegant and beautifully restored 17th century country house, Listed Grade II\* with 43 acres. Principal house: 4 reception rooms, 7 bedrooms, 6 bathrooms, service wing, stable courtyard with staff flat. Planning permission for 2 cottages and garaging. Restored 18th century garden.

Apply: 14 Curzon Street, London W1Y 7PL. Telephone: 071-499 6291.



### Edgbaston, 2 1/2 acres

Within one mile of Birmingham City Centre.

An important Listed residence in well timbered grounds and gardens. 4 reception rooms, 5 bedrooms, 3 bathrooms, attics. Ballroom converted to self-contained flat. Garaging, swimming pool. Superb gardens and grounds with grass tennis court, orchard and paddock. Detached 3 bedroom cottage.

Apply: Market House, Chipping Campden GL55 6AJ. Telephone: (0386) 840224.



### West Sussex, 5 1/2 acres

Chichester 4 miles. Arundel 6 miles.

An elegant and beautifully appointed Listed Grade II Georgian country house in park-like grounds of about 5.5 acres. The property is conveniently situated at the foot of the South Downs, within reach of good riding and walking countryside.

Reception hall, staircase hall, 4 reception rooms, kitchen/breakfast room, 4 bedrooms, 3 bathrooms. Large second floor flat with sitting room, kitchen/breakfast room, bedroom and bathroom. Garaging and stable block with planning permission for a dwelling.

Apply: 37 South Street, Chichester PO19 1EL. Telephone: (0243) 786316.

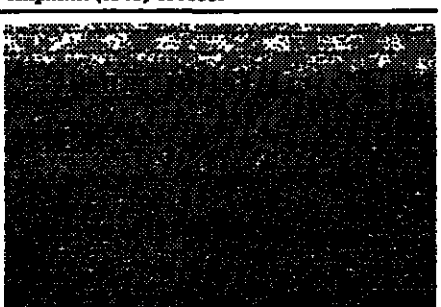
### Surrey, 165 acres

Domusland, near East Grinstead.

Period farmhouse, cottage, building plot and farm buildings for conversion together with 165 acres of productive farmland in an area of Outstanding Natural Beauty.

For sale as a whole or in lots.

Apply: 14 Curzon Street, London W1Y 7PL. Telephone: 071-499 6291. Joint Agents: Howard Canaby. Telephone: (0342) 833333.



### Gloucestershire/Worcestershire borders

Tewkesbury 4 miles. M5 (Junction 9) 5 miles.

A handsome Listed Georgian country house in a superb garden with a frontage to the River Avon. Just under 11 acres.

5 reception rooms, 6 bedrooms, 4 bathrooms, 2 secondary bedrooms, staff flat, lodge cottage, stables, coach house and garaging, magnificent gardens, hard tennis court, swimming pool with loggia, paddocks, river frontage, fishing and mooring.

For sale as a whole (or the lodge as a separate lot). Apply: Market House, Chipping Campden GL55 6AJ. Telephone: (0386) 840224.

### Devon, South Hams, 75 acres

Dartmouth 7 miles.

A38 dual carriageway 15 miles.

The Dittisham Peninsula Estate.

A country house in a spectacular waterfront position protected by 75 acres of its own land and 1 1/2 acres of river frontage to the River Dart.

Main House: 5 reception rooms, conservatory, 5 bedrooms, 4 bathrooms en suite, 1 shower room on suite, complete to "Builders Finish" ready for fitting out to individual requirements. 2 bedroom staff/granny flat. Garages, stables and outbuildings. Mature gardens, 1 1/2 miles of river frontage and 4 slipways.

Apply: 10 Southernhay West, Exeter EX1 1JG. Telephone: (0392) 214222.

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Taunton + M5 16 Miles Sherborne 17 Miles

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3 Reception rooms, 7 bedrooms - in need of modernisation, Stabling, outbuildings and paddocks

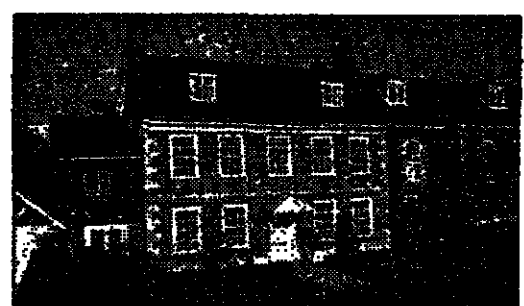
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2 Reception rooms, 4 bedrooms, office, outbuildings, 8 Cottages (some vacant and separately listed)

Commercially use Hop, Fruit and Cereal Farm. Ample modern farm buildings, Out Complex, 410 Acres mostly Grade 2 Land

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Bath 9 miles, Bristol 10 miles

An excellent village house in immaculate decorative order enjoying an exquisite rural aspect and located in one of the most sought after of Bath's surrounding villages.

Entrance hall, hall, drawing room, kitchen/dining room, study/family room, 5 bedrooms, 2 bathrooms (1 ensuite), double garage, cloakroom, garden annex.

Large secluded garden amounting to approximately one acre.

Contact: Charles Berkshire

(0225) 444622 Edgar House, 17 George Street, Bath, Avon BA1 2EN



Please apply Fox & Sons, Fordingbridge (0425) 682321

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CLUTTONS

45 Berkeley Square, London W1X 5DB. Tel: 071-408 1010

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Marlborough 1 mile, Pewsey 5 miles (Paddington 55 mins). Swindon 12 miles (Paddington 50 mins), M4 (J15) 9 miles.



A stunning residential estate with a substantial principal house and potential for further addition to the already comprehensive stud and training facilities.

The recently refurbished house is set in beautifully maintained gardens. The accommodation includes 5 reception rooms, 9 bedrooms, staff flat, indoor swimming pool and additional facilities. A total of 23 loose boxes laid out in 2 yards, tack and storage rooms, groom's cottage, and all weather track. Construction commenced for a stud manager's house, groom's hotel and a further 16 loose boxes. Site for a 7 furlong gallop. Extensive raised paddocks totalling about 60 acres with direct access to the yard. Additional arable, pasture and woodland. About 380 yards of single and double bank fishing on the River Kennet.

In all about 207 acres. For sale by Private Treaty as a whole or in 7 lots.

Details from: Egerton Ltd, 127 Mount Street, London W1Y 5HA. Tel: 071-493 0676 and Humberts, Pewsey. Tel: (0672) 63265 and London Office

### The Vale of Aylesbury

276 acres

Quinton 1 mile, Aylesbury 4 miles, Bicester 12 miles.



A beautifully maintained residential stock farm in the heart of the Vale of Aylesbury and ideally suited for use as a stud.

The period farmhouse enjoying magnificent views and having 3 reception rooms, 4 bedrooms, 2 bathrooms and additional accommodation. Garages and garden. An excellent range of modern farm buildings, including superb stock handling facilities, a farm office and loading bay. The post and rail paddocks form a particular feature of the property with well trimmed hedges. The renowned and productive pastureland is situated in the Bicester Hunt country below the Quanton Hills with views towards Waddesdon Manor. In all about 276.21 acres. For sale by Private Treaty as a whole.

Details: London Office, Tel: 071-629 6700

### Hertfordshire Hemel Hempstead 4 miles,

St Albans 8 miles, Luton Airport 7 miles, M1 J9 3 1/2 miles.



A substantial Victorian family house with outstanding views. Entrance hall, 4 reception rooms, 9 bedrooms, 4 bathrooms (1 ensuite), cloakrooms, nursery, games room, 2 kitchens, boiler room, large cellars. Oil fired central heating. Garaging for 4 vehicles. Outbuildings. Hard tennis court. Attractive gardens and grounds. Orchard and paddock.

Freehold for Sale with about 4 1/2 acres.

Details: Hatfield Office, Tel: (0707) 275351 or London Office

Humberts Chartered Surveyors 25 Grosvenor Street, London W1X 9PE. Telephone: 071-656 6700. Telex: 27444. Fax: 071-493-4348. Agricultural & Leisure. London Office: 071-629 6700.

## CLUTTONS

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Wide selection of 1, 2 & 3 bedroom flats within the range of £57,500 - £300,000 long lease 125 years.

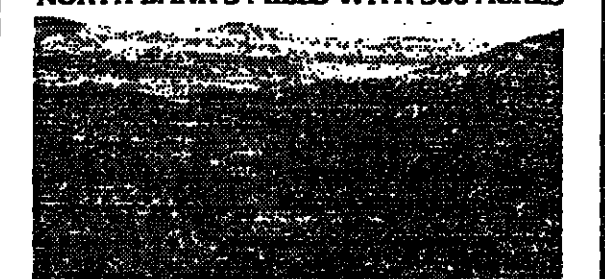
5 West Terrace Folkestone Kent CT20 1RR Tel: (0393) 850422

### N°1 THE LEAS

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ESTATES



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**HAMPTON, MIDDLESEX.** A fine Regency house with conveniently arranged family accommodation. Drawing room, sitting room, dining room, garden room, breakfast kitchen, four bedrooms, two bathrooms, mature walled gardens and garaging.



**TOTTENHAM, NORTH LONDON.** A family residence designed by the prominent architect J. Leonard Williams at the beginning of the Century. Five bedrooms, two bathrooms, three reception rooms, study, breakfast room, domestic offices. Annex with six rooms, bathroom and utility. Gardens of about one acre with tennis lawn, pool and listed 17th Century barn.

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To advertise your property in the Saturday property pages, simply complete the coupon below and return it to: Ruth Woolley Residential Property Advertisement Manager, Financial Times, Number One Southwark Bridge, London SE1 9HL.

Allow five words per line (minimum 3 lines) Cost: 5-15 words (£24.15) 20 words (£32.20) 25 words (£40.25) 30 words (£48.30) 35 words (£56.35) 40 words (£64.40). These rates include Vat. Advertisements over 40 words, rates are available on application, please attach copy separately. Lineage: £7.00 per line + Vat. Display: £30.00 per soc + Vat (Minimum 3cm)

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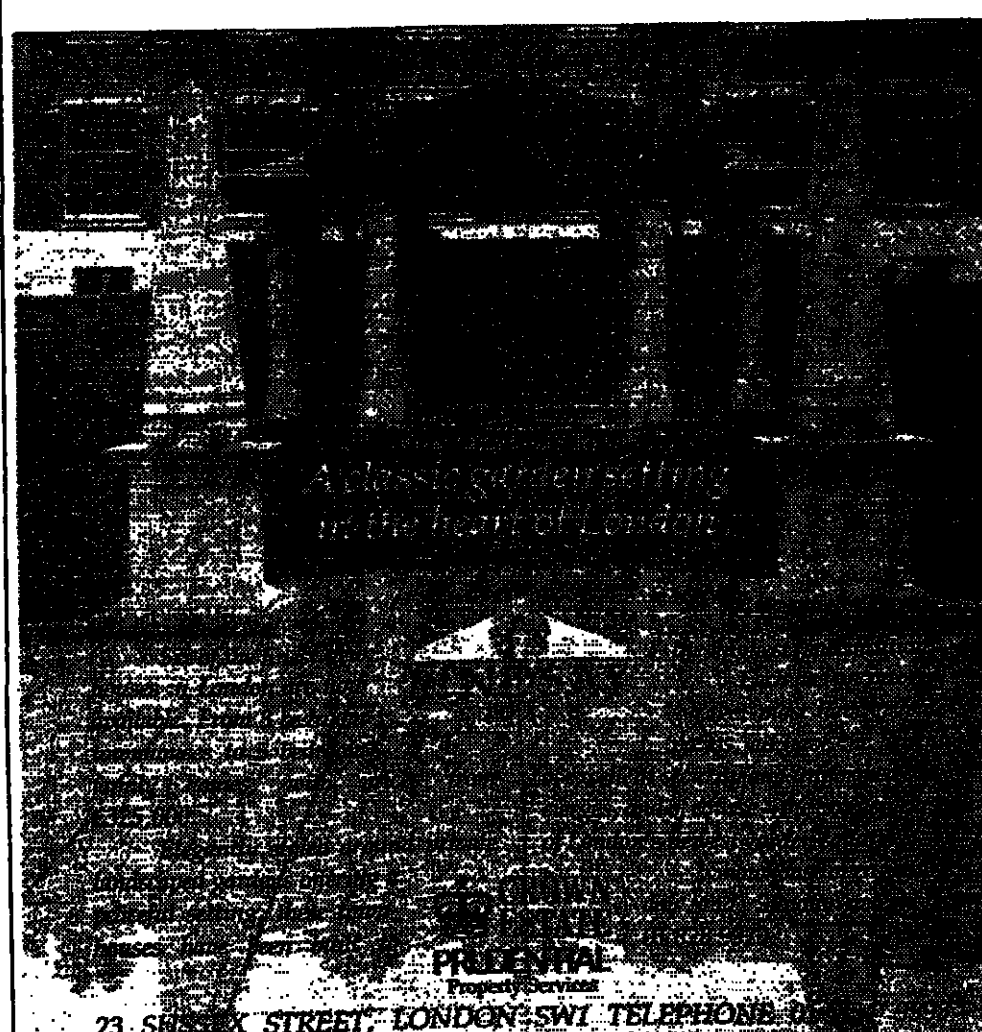
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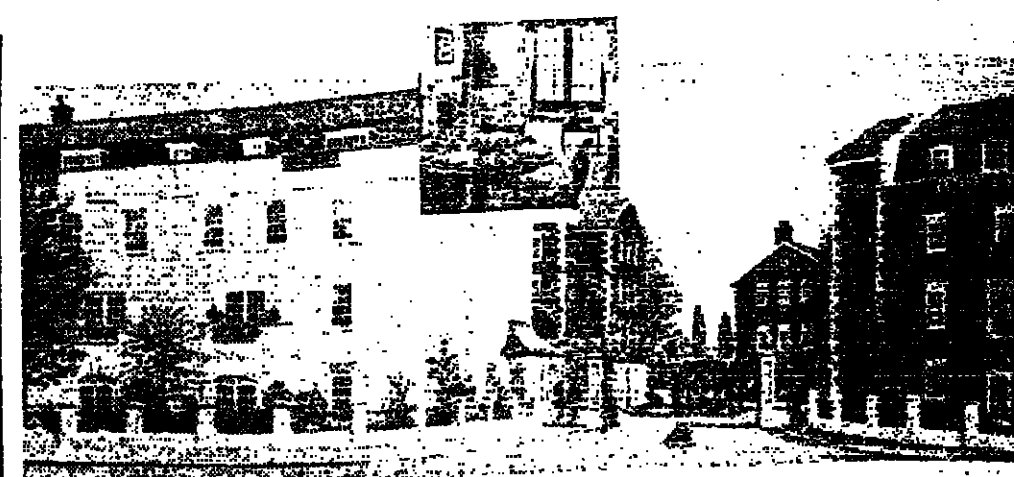
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23 SUSSEX STREET LONDON SW1 TELEPHONE



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by Hampton Court  
by the river

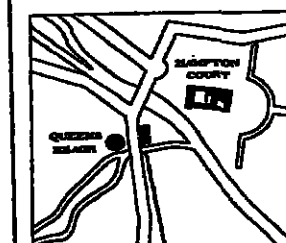
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House £925,000 - House with building plot £1,500,000

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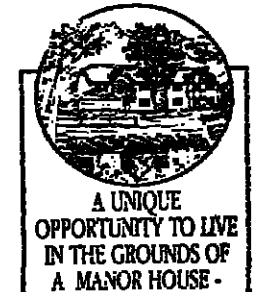
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Prices from only £122,500\*

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Mandarin Restaurant, prime property  
comprising:  
BASEMENT PLAT, 1st FLOOR, 2nd FLOOR, 3rd FLOOR, 4th FLOOR, 5th FLOOR, 6th FLOOR, 7th FLOOR, 8th FLOOR, 9th FLOOR, 10th FLOOR, 11th FLOOR, 12th FLOOR, 13th FLOOR, 14th FLOOR, 15th FLOOR, 16th FLOOR, 17th FLOOR, 18th FLOOR, 19th FLOOR, 20th FLOOR, 21st FLOOR, 22nd FLOOR, 23rd FLOOR, 24th FLOOR, 25th FLOOR, 26th FLOOR, 27th FLOOR, 28th FLOOR, 29th FLOOR, 30th FLOOR, 31st FLOOR, 32nd FLOOR, 33rd FLOOR, 34th FLOOR, 35th FLOOR, 36th FLOOR, 37th FLOOR, 38th FLOOR, 39th FLOOR, 40th FLOOR, 41st FLOOR, 42nd FLOOR, 43rd FLOOR, 44th FLOOR, 45th FLOOR, 46th FLOOR, 47th FLOOR, 48th FLOOR, 49th FLOOR, 50th FLOOR, 51st FLOOR, 52nd FLOOR, 53rd FLOOR, 54th FLOOR, 55th FLOOR, 56th FLOOR, 57th FLOOR, 58th FLOOR, 59th FLOOR, 60th FLOOR, 61st FLOOR, 62nd FLOOR, 63rd FLOOR, 64th FLOOR, 65th FLOOR, 66th FLOOR, 67th FLOOR, 68th FLOOR, 69th FLOOR, 70th FLOOR, 71st FLOOR, 72nd FLOOR, 73rd FLOOR, 74th FLOOR, 75th FLOOR, 76th FLOOR, 77th FLOOR, 78th FLOOR, 79th FLOOR, 80th FLOOR, 81st FLOOR, 82nd FLOOR, 83rd 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FLOOR, 162nd FLOOR, 163rd FLOOR, 164th FLOOR, 165th FLOOR, 166th FLOOR, 167th FLOOR, 168th FLOOR, 169th FLOOR, 170th FLOOR, 171st FLOOR, 172nd FLOOR, 173rd FLOOR, 174th FLOOR, 175th FLOOR, 176th FLOOR, 177th FLOOR, 178th FLOOR, 179th FLOOR, 180th FLOOR, 181st FLOOR, 182nd FLOOR, 183rd FLOOR, 184th FLOOR, 185th FLOOR, 186th FLOOR, 187th FLOOR, 188th FLOOR, 189th FLOOR, 190th FLOOR, 191st FLOOR, 192nd FLOOR, 193rd FLOOR, 194th FLOOR, 195th FLOOR, 196th FLOOR, 197th FLOOR, 198th FLOOR, 199th FLOOR, 200th FLOOR, 201st FLOOR, 202nd FLOOR, 203rd FLOOR, 204th FLOOR, 205th FLOOR, 206th FLOOR, 207th FLOOR, 208th FLOOR, 209th FLOOR, 210th FLOOR, 211th FLOOR, 212th FLOOR, 213th FLOOR, 214th FLOOR, 215th FLOOR, 216th FLOOR, 217th FLOOR, 218th FLOOR, 219th FLOOR, 220th FLOOR, 221st FLOOR, 222nd FLOOR, 223rd FLOOR, 224th FLOOR, 225th FLOOR, 226th FLOOR, 227th FLOOR, 228th FLOOR, 229th FLOOR, 230th FLOOR, 231st FLOOR, 232nd FLOOR, 233rd FLOOR, 234th FLOOR, 235th FLOOR, 236th FLOOR, 237th FLOOR, 238th 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## FOOD &amp; WINE

# Bottles for wine bores: how to catch a fanatic

Put away that Petrus, says Jancis Robinson. When it comes to entertaining a connoisseur, an element of surprise works best

WE ALL have people whom we dread entertaining for a variety of reasons. Quite apart from individuals' idiosyncrasies, certain categories pose special problems. I am wary, for example, about inviting those with uncompromisingly modern, or grandly Georgian, ideas on interior design to my late-Victorian home. And when friends in the fashion world are expected, I fret terribly about what I'm going to wear.

I suppose that wine enthusiasts make some of the least popular dinner guests to all but the equally wine-mad — in fact it's probably a wonder I ever get my knees under anyone else's table at all. A household that potters along happily on Bulgarian Cabernet Sauvignon the rest of the year may be thrown into a tizzy by the advent of a Wine Bore. A host who would normally reckon that a bottle of Sainsbury's Anything was good enough for anyone might feel forced to think again at the prospect of having a wine merchant to dinner.

So what is the answer, apart from serving these strange wine-fancying creatures your usual plonk and telling them to get on with it? The answer is very definitely not, contrary to popular belief, to go into your local off-licence and buy the most expensive bottle available.

Quite apart from the cost, the odds are that this will either be far too young to warrant pulling the cork, or from some vintage or provenance so undistinguished that the more fastidious fine wine specialists wouldn't buy it. Buying the most

expensive bottle of white from my local Unwins, for example, would yield a 1984 Chassagne-Montrachet, a village white burgundy of a lean vintage, from a firm of which neither I nor any Burgundian reference work has ever heard. Veuve Aubert, at £17.85.

When I rang their head office to ask for more details all I got was "You're a very expensive lady to run, aren't you? My word!" Buying the most expensive red from run-of-the-mill off-licences would too often yield a grand but still monstrously hard 1986 red Bordeaux at the moment, or even a bottle that had — turnover at the top of the range being as slow as it is — stood under the lights for too long to be worth its price tag.

Throwing money at this particular problem brings no guaranteed solution (although among recent vintages for classically fine wines it is difficult to find a 1986 white burgundy and a 1982 red Bordeaux that don't have some appeal for current drinking). You will win no points for imagination or originality, and will have spent a great deal.

A much more cost-effective solution to the problem of incoming wine experts is to trillate them, by giving them something unusual from a specialist in that unusual area. Most of us wine fanatics are shockingly parochial, parishes such as Paillet, St Julien, St Emilion, Pomerol, Pommard, Meursault and Chablis receiving a quite undue amount of attention.

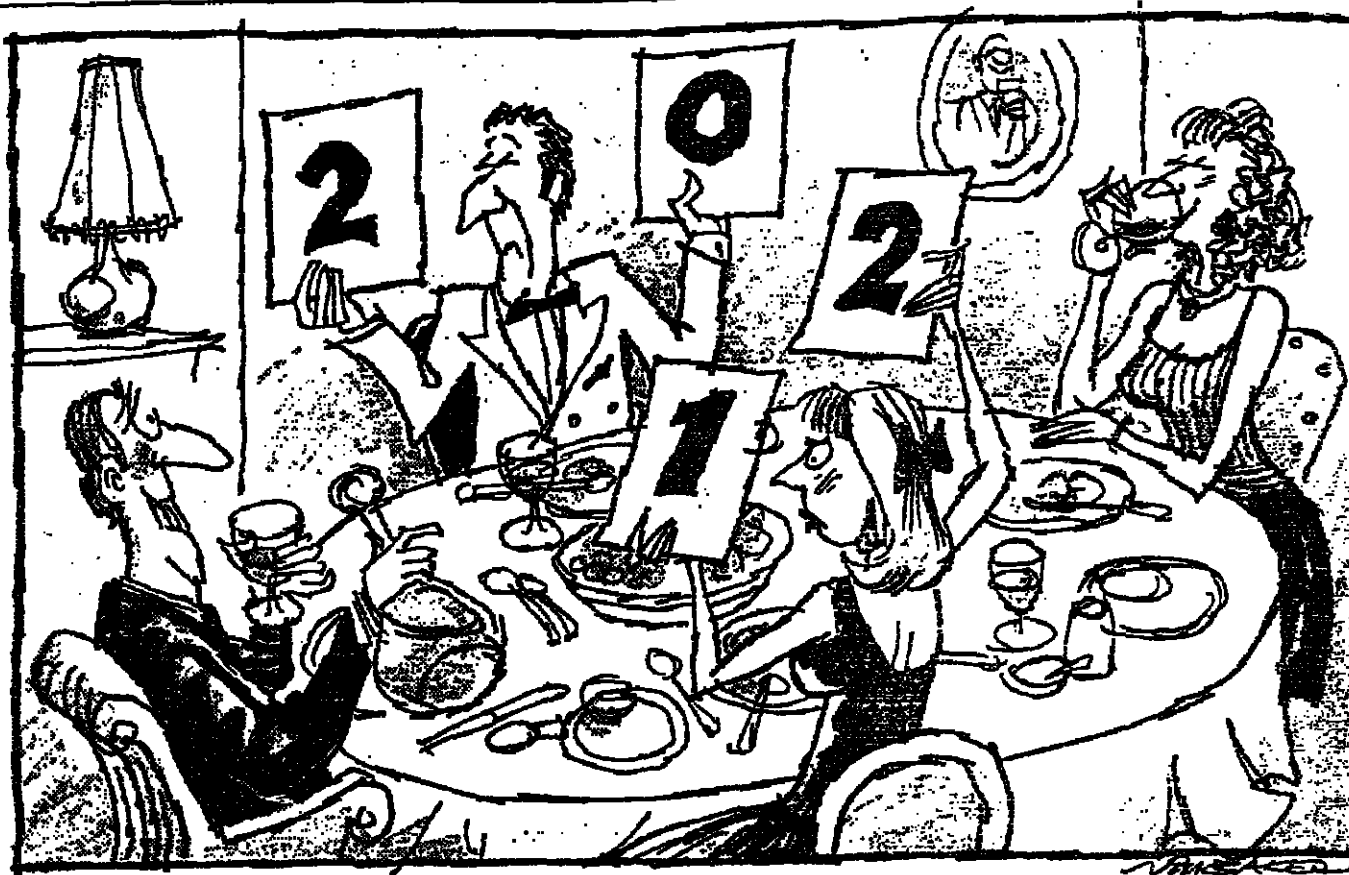
Anyone with a reputation for connoisseurship would be impressed by one of the truly fine reds coming out of Central

Italy at the moment, although if your guests are determined Francophiles, serve it in a decanter. Take counsel from one of the small band of wine merchants who specialise in Italian wines such as Luigi's of London SW10, Millevin's of Stockport, Valvona & Crolla of Edinburgh or Winecellars of Wandsworth High Street.

Valvona & Crolla, for example, can offer the ultra-trendy Ornellaia, made from Merlot grapes grown close to Italy's most famous Cabernet, Sassicaia, and virtually unobtainable elsewhere in Britain. They list both the 1986 and the more approachable 1985 for about £20 a bottle, although they, like most other merchants with half-decent Italian collections, can offer several other very fine and truly interesting 1985 and 1986 oak-aged Tuscan Vini da Tavola at well under £10 a bottle.

You could really intrigue a wine expert by serving a fine Italian white wine. Such wines are only just starting to make headway in this nation of doubters raised, admittedly, on tired Soave and watery Frascati. I have been most intrigued recently by two made in Sicily from native grape varieties which result in curiously nutty, characterful wines with something of the build of a Corton-Charlemagne, as you might let slip to your guests.

Vigna di Gabri, Donnafugata costs between £5.30 and £7.40 a bottle from Gerry's of Old Compton Street, London W1. Chiswick Cellar of W4 and the Master Cellar, Aberdeen Road, Croydon, is surprisingly refreshing and interesting for a white made in such torrid conditions, while the Inzolia-based oak-aged Bianca di



Valguarnera 1987 from Duca di Salaparuta, imported by Ciborio of Greenford, is a little flabbier but would still tickle most wine lovers' fancy.

Italy deserves more attention at the moment but you may feel it is too esoteric for your wine bore guest. Another thought is to provide him or her with a range of wines from one of France's good but under-appreciated regions. The south-west is the most obvious candidate. Sookias & Beraut of London SW10 (telephone orders only, 071-370-6500) is the most obvious specialist merchant; it is difficult to imagine that too many of the greatest wine experts in the world are over-familiar with such

wines as Marcillac, Tursan and Entraygues et du Fel. You could try some of Spain's best from Moreno Wines of London W2 or some of Spain's most obscure from Fox & Read of London N11 on 081-455 2339 (orders by the case only).

One wine style that will come as a revelation even to experienced wine drinkers is drier German wine, as good at the table as before it and excellent with all but the richest meat reductions. The wine departments of such stores as Selfridge's, Fortnum & Mason and Harrod's can offer sightings of this rare species. The 1988 and 1989 vintages have been exceptional and Germany and the 1985 Trocken and Halb-

trocken wines are just starting to come into their own. Louis Guttrun made scarce delicious 1988 (and 1989) 1er Rheinhessen — just the thing to put paid to those wine snobs who think this wine region is all about Liebfraumilch. Starting under £4, they're all about tightly-reined fruitiness. Frank Stainton of Kendal is a good northern stockist and Waitrose has an excellent Guttrun 1988 at £4.96. But probably the single most sensible course is to visit your nearest Oddbins, whose range (recently bolstered by some new Australian bargains) is as wide and innovative as their staff are keen to opine on it.

## High Street Wine

### Fine fettle for under a fiver

AN ODDBINS tasting at which I sampled 54 wines from seven countries, all costing less than 25 pence a bottle, demonstrated the wealth of inexpensive wines currently on the shelves. Those from outside Europe included 11 from Australia (in which Oddbins has specialised), six from Chile and three from Washington State. Thirty four were less than £4.

At the price levels at which most wine is drunk in the UK, the New World wines present a challenge to those from Europe, as the moderate prices of French Country Wines and generic Italians show; the challenge is in quality too. Apart from the European wine lake, of which we hear rather less these days as some of it has been drained, there is certainly a surplus of drinkable, low-price wines in the world, particularly from Australia and New Zealand, both highly dependent on exports. And now that we are becoming friends again with Argentina, which produces at least as much wine as the US, its big output of low-priced, easy-to-drink wines is likely to be very competitive, as the Bulgarians are now. Even the £5 wine today is only the equivalent of the £3 five years ago after inflation; and it is probably better in quality.

Here are notes on most of the wines I tasted.

**WHITE:**  
Cote de Gascogne, Dom. St. Lannes, 1988 (£2.99): The Cotes de Gascogne has in the last few years become one of the most successful inexpensive French vins de pays, but so far the reds have been better than the whites, always more difficult to produce to ensure freshness. Although drinkable, this has the fault of many cheap whites — over-sulphured to prevent the risk of secondary fermentation in bottle.

Tokay Pina Gris, Turckheim, 1988 (£2.99): No excess sulphur in this Alsace wine, with an attractive, scented nose and fruity flavour from the very reputable Turckheim co-op. Excellent value.

Gewurtztraminer, Scherer, 1987 (£4.49): When young, Gewurtztraminer is often aggressive on the taste, but this is a flavoury, well-developed wine. Very drinkable.

Soave, Santini 1988 (£2.49): This has more flavour than fairly basic Soave, but it also has more fizz; whether one likes this is a matter of taste.

Grachetto d'Arquata, Adanti 1988 (£4.99): Grachetto is Umbria's leading white wine grape, with more flavour than the traditional Tuscan Trebbiano. Still rather closed and a little on the heavy side, but interesting enough to be worth trying.

Tolley's Pedare Rhine Riesling 1988 (£2.99): Australian Rhine Rieslings are seldom much like their German originals. This is sweetish but with fair acidity, good value for those who like this undemanding type of wine.

Salttram Semillon 1988 (£4.14): This has the slight sweetness of the Semillon grape and is fruity, but I found it rather unexciting.

Lindeman's Chardonnay, Bin 65, 1989 (£4.99): A softer, more distinguished wine than the Semillon. Soft and with dis-

tinctive character, it makes very agreeable, quite classy drinking. Good value.

Columbia Crest Sauvignon Blanc 1986 (£4.49): From Washington State with a fine nose and fresh clean flavour, a wine of some style and class. From a fairly new wine exporting region, and the third largest wine-producing state in the US.

Caliterra Sauvignon Blanc 1989 (£3.49): This Chilean wine is not a very typical Sauvignon and more like a Flavoury Chardonnay, but none the less an attractive, full-bodied wine.

Caliterra Chardonnay 1989 (£2.99): Nevertheless the real thing, with a very clove bouquet and oaky taste, worth the extra 50p.

**RED:**  
Oddbins Red, Cotes Catalanes 1988 (£2.69): As the name indicates this is made near the Spanish border. With good colour and plenty of aroma and body, this is a long-tasting mouthful and good value.

Minervola, Ch. Parana 1988 (£2.99): A tannic wine with very good colour that needs another year or two in bottle to soften it, but then should be attractive drinking.

Vaipollicella, Santini 1988 (£2.49): An unpretentious Vaipollicella of quick-maturing style, with a decided bouquet and a soft flavour. A low-priced wine for current drinking without much call for further consideration.

Morellino de Scansano, Le Pupille 1988 (£4.99): Although one of Italy's 230 DOC wines, a few years ago this would scarcely have been known or drunk beyond the southern boundaries of Tuscany. Now matured in French oak, it is well-balanced, has a fairly light flavour and an individual style, distinct from Chianti.

Toro Gran Colegiata 1987 (£2.97): Coming from the north-west of Spain, this is made partly from the local Tinto de Toro grape, known as Tempranillo in the Rioja area and one of Spain's best. With plenty of colour, oaky but not excessively so, this is an attractive wine at a good price.

Tempranillo, Raimat 1987 (£4.99): This is not a Rioja but comes from the Western side of Catalonia where Raimat is a subsidiary of the huge sparkling wine firm, Cordoniu. Matured in American oak which gives a rather sweeter flavour than French, it has a good deal of flavour without being aggressive. Very attractive and worth the money.

Cabernet Sauvignon, Seaview 1986 (£3.99): A very sound Australian Cabernet, with a blackberry bouquet, and an attractive, developed flavour. Seaview is a subsidiary company of Penfolds in Adelaide.

Penfolds Kalimna Bin 28 Shiraz, 1986 (£4.99): Kalimna is one of Australia's older vineyards, and Penfolds have been particularly successful with Shiraz. This 13 degrees wine has a big colour and powerful flavour and is recommended to those who like the concentration that typifies this grape, originally from the Rhone.

All these wines should be available from Oddbins' 145 branches around the UK.

Edmund Penning-Rowell

## Food for Thought



The acceptable face of the British beef industry... but could it be a "mad cow" underneath that placid exterior?

## Danger — the spice of life

RECENTLY I was given an unusual invitation: would I participate in a dangerous dinner? While my mind flew to Japanese fugu fish and other such potentially lethal dishes the woman continued: "We're having beef, chicken, raw eggs and Austrian wine."

Horror! That meant exposing my digestive system to the possibility of bovine spongiform encephalopathy, or "mad cow" disease (the beef); salmonella (the chicken and eggs); and Lord-knows-what from the Austrian wine, which a few years ago was overshadowed by a minority of bottles containing one of the chemical elements of anti-freeze.

I should have been reassured when she told me the meal was at the Boulestin restaurant in London's Covent Garden, and that the chefs involved were Michael Gottlieb of Smitten-Sky; Anthony Worral-Thompson of 190 Queensgate; Beth Coventry of Greens; our host, Kevin Kennedy of the Boulestin; and Brian Webb of Hilaire. The menu was made up of steak tartare, made from "damaged good Scotch fillet" (Gottlieb); carpaccio (Worral-Thompson); Dublin Bay prawns with poached eggs (Coventry); chicken, lamb and tournedos Rossini (Kennedy); unpasteurised Brie de Meaux and very runny creme brulee (Webb). Some indifferent Aus-

trian wine appeared with one course — not a pre-1985 sticky, but a bone-dry Grüner Veltliner from the 1988 vintage. I tucked in without the slightest feeling of risk.

Judging by the abundance of media around us, perhaps I should have been more prudent: an NBC team filmed our every mouthful; the BBC and LBC teams outdid themselves in their attempts to interview every food writer in the room. Eventually they settled down to interviewing one another.

**Giles McDonogh feasts on beef, eggs and chicken — and lives**

During the meal, my neighbours and I tried to imagine a really dangerous dinner. Prime Angus should give way to hamburgers from a scruffy stall, eggs would come from a corner shop and carry an expired sell-by-date, the prawns would come from the North Sea, an inadequately micro-waved TV-dinner would replace the piece de resistance, the cheese would be industrially made long-storage stuff. As for pudding, the possibilities were endless.

On my left, the environment correspondent of a Sunday newspaper provided a more

serious line of argument as regards food hygiene in the UK. In his opinion no other country took so many liberties in food production. He thought meat recycling should stop and the public come to terms with scarier and dearer meat.

Later I called the Farmers' Union to find out just how dangerous my meal had been. The eggs crisis was largely over, I was told, although there was still a problem of salmonella in chickens, which can be avoided by not eating them raw: salmonella is killed by two minutes at 70°C. The official also said there was never any real temptation to feeding hens on bone-meal or oil as it does not make for good eggs.

The feeding of cattle on mixed-up bones and brains came to an end in July 1988. I was interested to find out what had happened to this processed mutton carrion. Easy, said the official, it's fed to pigs and poultry. Oh Lord, I thought, here we go again.

At UKASTA, the body protecting animal feed companies, I spoke to a very reasonable man who reminded me that cows were ruminants and not pigs and chickens were omnivorous. Pigs had always been fed on leftovers. Yes, I replied, but there is a difference between the remains of Sunday lunch and the remains of a dead sheep. Here he corrected me: the total amount of bone

and offal would not exceed 8 per cent of their diet, and it was essential for balance.

Sir Richard Body, Tory MP for Holland with Boston, disagrees. Pigs, he says, are remarkably similar to human beings in their genetic make-up. It is quite possible that a pig could pass on sickness to a human. Moreover, pigs are slaughtered so young that it is hard to chart the presence of bacteria in their bloodstreams. Sir Richard's solution is to feed the animals on high protein soya and use the recycled carcasses and offal for fertiliser. Very good for vegetables, but there is no danger of Mad Carrot Disease.

The supermarkets are reacting nervously to these continued trials. Marks and Spencer's buyers told me that the problem was being urgently discussed. Asda has gone a step further and issued "conservation grade" beef and lamb which guarantees the absence of animal feed. Left to their own devices most chickens would not forgo a piece of meat. The free-range birds at Home Farm eat nothing more wicked than worms and snails.

The UKASTA spokesman said he thought the risk of catching BSE from pork or poultry was minimal. But after these plagues of Egypt, I have become more aware of the danger — and I shall be more prudent next time I go shopping.

## Cookery

### The glamour of being a gooseberry

STRAWBERRIES blaze a social trail through summer. They are the obvious and favourite choice for menus served on glamorous occasions; at Glyndebourne, Wimbledon, Ascot, Henley et al I intend to down my fair share of sweet berries but I relish just as much the tart tastes of fruits like apricots and gooseberries.

Apricots when warm and perfectly ripe are delicious raw and seem just right for eating out of doors. At the end of a simple picnic, not a smart fete champagne, or when lunching quietly in a sunny garden, what could be better or prettier than a bowl of blushing apricots, tumbling cherries and tissue-wrapped amaretti biscuits?

On the other hand green gooseberries, hailstone-hard and hairy, are much too sharp to eat raw. They must always be cooked. I love them for their chameleon-like eagerness to take on any flavouring the cook may care to lavish on them, and they are equally good hot or cold.

#### GOOSEBERRY, ELDERFLOWER & ALMOND PHYLLIS PIE (serves 6)

This is a quick and easy alternative to the hot watercrust raised gooseberry pie that was once commonly served at Whitstide. Not too heavy to eat, it is deliciously scented with the traditional country cook's flavouring of elderflower blossom and is very handsome with its quilted topping of crisp brown pastry under a snowy drift of icing sugar.

1 lb 2 oz green gooseberries; 3 elderflower blossoms; 1½ oz split almonds; 3 to 4 oz caster sugar; about 4 sheets of phyllo pastry; melted butter; a little cornflour and icing sugar.

Choose a shallow baking dish about 8½ in in diameter. Moisten it with three tablespoons of water. Top, tail and wash the berries and put them into the dish. Bake the flowers from the elderflower with a fork or fingers, mix them with the sugar and about two teaspoons of cornflour. Sprinkle the mixture over the gooseberries and scatter the almonds on top.

Cover with eight layers of phyllo pastry, cutting the sheets to size, brushing each layer with melted butter and tucking in the ends neatly before adding the next. Use a sharp knife to score the top with a diamond pattern.

Beat together the cream, egg yolks, ground almonds and 2 oz sugar. Pour the creamy almond mixture over the warmed

Add a shake of cold water to stop the pastry curling and bake on a pre-heated baking sheet at 400 F (200 C) gas mark 6 for about 35 minutes until the pastry is well browned. Then switch the heat off or reduce temperature to low and leave the pie in the oven for, say, 15 minutes more to ensure that the fruit is perfectly tender. Cool for five to 10 minutes and dust with icing sugar before serving.

**CARAMELISED GOOSEBERRY FLAN (serves 2)**  
A kind reader put me on to the idea of combining gooseberries and angelica. The partnership is lovely when home-candied angelica is used. I understand that a few



fresh angelica leaves and tender young shoots (both finely chopped) could be used in lieu of candied stems, but I have not tried them. Scented sweet geranium leaves are another aromatic possibility, as are the muscat-scented flowers of elderflower.

For the pastry: 4 oz each white and wholemeal flour; 2 oz each butter and lard; 2½ tablespoons water to bind.

For the filling: 12 oz green gooseberries; 1 oz top quality candied angelica; ¼ pt single cream; 2 egg yolks; 2 oz freshly ground almonds; 4 oz caster sugar.

Make the pastry and use as much of it as you need to line a shallow 10 in fluted flan tin. Blind bake it.

Cut the angelica into snippets. Spread it over the base of the pastry case. Scatter the topped and tailed gooseberries and 1 oz of sugar on top and bake on a preheated baking sheet at 400 F (200 C) gas mark 6 for 12 minutes.

Beat together the cream, egg yolks, ground almonds and 2 oz sugar. Pour the creamy almond mixture over the warmed

gooseberries. Tap and shake the flan to spread the mixture evenly, and cook for 20 minutes more until the custard is set and the fruit tender but not disintegrating.

When the flan is nearly ready, warm 1 oz sugar gently until dissolved, then cook it to a rich caramel. Do not let it burn. Quickly pour the toffee in a thin zigzag pattern across the surface of the flan and leave until tepid before serving.

Leftovers, should there be any, are excellent cold but the berries dimple gradually as they cool so the flan loses its looks with the passage of time.

**GOOSEBERRY ICE**  
Ice made with yoghurt instead of a rich egg custard are supposedly the smartest desserts this summer in health-conscious circles. This one is exotically flavoured with orange blossom water and it gains extra points for fibre content. For smoother results the fruit can be sieved after cooking to extract skin and pips. In this case there is no need to top and tail the fruit but remember to add an extra handful of gooseberries to the cooking pot to compensate for weight loss in sieving.

1 lb green gooseberries; 2 to 3 teaspoons triple distilled orange blossom water; 6 oz caster sugar; 1 x 225 gram tub of Greek strained yoghurt.

Top and tail the gooseberries. Rinse them and put them into a casserole with a tablespoon or so of water. Sprinkle on the orange blossom water, cover tightly and cook gently at 300 F (150 C) gas mark 2 for 50 minutes or until the fruit is perfectly tender. Stir in the sugar, process to a puree and cool completely.

Freeze the cold puree in a chilled loaf tin until firm round the edges and semi-frozen in the middle. Turn it out, beat it with a whisk until smooth then fold in the chilled yoghurt as delicately as you can. Freeze the mixture for about 1½ hours. Whisk it again. Pot it in chilled petits pots de chocolate or demi-tasse coffee cups and refreeze until solid. "Ripen" briefly in the fridge before serving.

Alternatively, simply stir the cold fruit puree into the chilled yoghurt, pour the mixture into an ice-cream making machine and freeze-churn according to manufacturer's instructions.

Philippa Davenport

## BRIDGE

MY FIRST hand from rubber bridge set the declarer a problem:

N  
A J  
A 9 8 3  
A Q 10 4  
J 7 5

W  
K 8 7 2  
7 6 4  
5 3 2  
Q 10 3

E  
A 5  
K 5 2  
8 6  
9 6 4 2

S  
Q 10 6 3  
Q J 10  
K J 7  
A K 8

South dealt at game to North-South, and bid 4♠ to a trump on six to trumps — his three aces making up for the missing point — and all passed.

West led the heart six, taken by the king, and East switched to the two of clubs. Winning with his ace, declarer played a spade and finessed the knave — that had to be tried. When the knave won, South, who assumed that the club queen was with West, planned a squeeze against West. But with no club entry in the table no ordinary squeeze was possible — it had to be the Crisscross. He could see 11 tricks, and had already lost one, so the timing was right.

Cashing queen and knave of hearts, he followed with four rounds of diamonds, throwing the low club from hand, while West parted with the seven of spades. At this stage South holds Q 10 6 of spades and the club king, West has K 8 of spades and Q 10 of clubs, while dummy has spade ace, heart ace, and J 7 of clubs.

Declarer played dummy's heart ace, on which he threw the spade six from hand, and West was squeezed. If he discarded a spade, declarer cashes the ace, crosses to his club king, and scores the queen of spades; if West throws a club, South will cross to the club king, return to ace of spades,

and score the club knave. My second hand shows declarer making an early mistake:

N  
K 2  
Q J 7  
K 9 8 3  
J 5 3

W  
Q J 10 9 5  
K 8 2  
10 8 2

E  
8 7 3  
9 5 4 3  
K Q 6 4

S  
A 6 4  
A 10 6  
Q J 5 2  
A 9 7

At game all South dealt and bid one no trump, and North's 18 points. North jumped to six to trumps — his three aces making up for the missing point — and all passed.

West led the heart six, taken by the king, and East switched to the two of clubs. Winning with his ace, declarer played a spade and finessed the knave — that had to be tried. When the knave won, South, who assumed that the club queen was with West, planned a squeeze against West. But with no club entry in the table no ordinary squeeze was possible — it had to be the Crisscross. He could see 11 tricks, and had already lost one, so the timing was right.

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E. P. C. Cotter

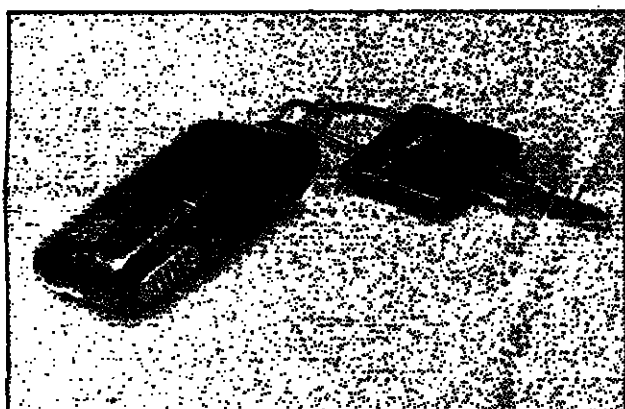


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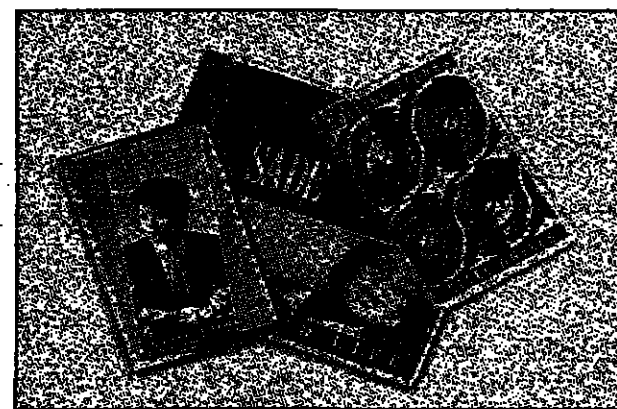
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## GARDENING/OUTDOORS

## Robin Lane Fox reports on the growth in 'designer pots' Advance of the terracotta army

HERE IS no escape, this week: here is one for you all. Anyone can try it, even if they are stuck in London or sitting in a taxi-haven, waiting for something to happen. You all have enough room: you will probably be much better at it than I am; the state of the art is going your way.

The art is gardening in pots. I promise you no jokes, no pot-crazy comments and only one pun. The subject is serious and I have just seen it beautifully treated. I blush to look at my two huge terracotta pots, mounted on concrete blocks, underplanted with young green box and austere white flowers, and a form of progress, imaginative gardeners would have gone wild with them.

The art is to over-do it, while

mer's profusion; the country's best specimen of white Carpentaria Latham's Variety was in full flower and the planning and planting of a husband-and-wife team during the past 40 years was looking enchanted.

The Merton method with pot gardening is dramatically simple: pack them in, standing room only. Mercifully, she never ran London Transport, although she would have brightened up the Underground if they had given her free rein.

In recent years she has been planting pots with a panache which breaks all the rules. She began to visualise them with three separate tiers of height. In the middle, she would put something as much as 5 ft high, a tall Abutilon or a group of summer lilies (the yellow-flowered citronella forms are one of her favourites).

Then comes the inner ring, the Chelsea or Notting Hill to the central feature. Mrs Merton likes particular favourites, especially Little Hobby and Tom West. Over the edge come the sprawling outskirts, the Wandsworth or Acton, except that they are a mass of verbenas and daisies and ivy-leaved geraniums.

I would never have dared to over-plant so outrageously: at the Chelsea Show there were hanging baskets with a hundred violas in each, which keen gardeners longed to liberate. Mrs Merton finds that over-crowding works well if you add plenty of manure or fertiliser to a well-drained John Innes Number One compost. She also uses perlite and some peat to hold water: every week, she feeds each pot with a liquid fertiliser (Phostrogen would be excellent). Shredded pig manure, she thought, would be



Louise Maggs, a gardener at the Old Rectory in Burghfield, tends to some of the plants

sensational: so would the smell, but my heap of it still needs a home.

Pots, therefore, should be seen as jungle landscapes which can take a mass of heights and colours. One Merton container appears to hold the following: three citronella lilies, three green-yellow Hall's chrysanthemums, which match the strong yellow edging on the leaves of an Agave (the gift of a neighbour), five Verbena Loveliness, three daisy-flowered yellow Bidens, one Abutilon Canary Bird, one white Hosta plantaginea (which is scented), two pale yellow daisies called Argynthemum Jamaican Primrose, one Tibouchina, and two Euphorbia Mellifera.

Twenty-two plants fill one container, which is about 2 1/2 ft wide: Mrs Merton emphasises the decision to go from 18 to 27 in diameter. It may sound haphazard, but it is all planned with the most sensitive care. In the early years, Mrs Merton experimented with her admirable gardener, Susan Dickinson, whose training had begun at Sissinghurst. Together, they worked out colour-schemes within each pot and also schemes between pots, about 10 of which line the front terrace alone.

I found it all an eye-opener. Here were 10 separate gardens, side by side, any one of which could be transplanted to some other place. Here were non-green and unpleasant, Hong Kong perhaps, or an Arab Emirate. Mrs Merton has gardened for years in France, where she feels that she learned the knack of these plantings. The best hope of brightening an ex-pat garden in late summer is to see that it is not ex-pot.

Perhaps you are busy on June 27 or on future Wednesdays. If so, you can gain an idea of the results in a book which also opens my eyes. Jim Keeling's *Terracotta Gardener* is just available from Headline publishers, price £14.95. Mrs Merton starts the text rolling and other skilled contributors add to the style.

Jim Keeling is the founder-owner of Whichford Pottery, Shipston-on-Stour, Warwickshire (telephone 0688-84416), and is the natural answer to everyone's question: "Where do you find the pots?" He makes them himself with that particular blend of devotion and obsession which fellow sufferers in other fields will recognise. Keeling is a prince of post-modernist pottery for gardeners; he names some fellow princes, affectionately, but his own range is marvellous, from

Cretan jars to ribbed Italian terracottas. Mrs Merton has used them for years and swears by their stamens in cold winters. Machine-made terracottas will merely split in a hard frost.

I will be returning to the pot-question in other weeks. Meanwhile, the book, the photos and my visiting have set me off on a new pursuit. It has to be better than fishing dead moles from the swimming-pool. The beauty of it all is that the style is only just beginning; small nurseries have sprung up, selling masses of the half-hardy plants which propagate easily and flourish in a pot-crowd; Keeling and his fellow-princes are turning out what gardeners want. Anywhere, you can make your own fantasy landscape and, when you sell the house, this one at least you can take with you.

Arthur Hellyer with a mid-season spot check on his garden

## Half-time and doing well

THOUGH I have heard many complaints from garden owners about the damage caused to their plants by drought I have suffered none in my own, which is in Sussex. For that, no doubt, I have in part at least to thank my close textured, moisture-retentive soil, but nevertheless I suspect that a good deal of the anxiety has been exaggerated.

On the whole dews have been heavy this past spring and plants always manage to absorb a lot of moisture from this source via their leaves. It is wise to remember this when watering is restricted because, partly by spraying plants especially in the evening and partly by maintaining a loose soil covering at all times, it is possible to keep plants growing much longer than one might expect.

Almost anything can be used as a mulch: compost, chipped or pulverised bark or grass clippings are all excellent. Surface hoeing is just as good and even more efficient in keeping weeds down. Machine-made terracottas will merely split in a hard frost.

My interim report on the garden is that it has been a good season except for the early storms and the short period of severe spring frost.

As I travel I become increasingly convinced that the total amount of tree damage caused by the winter gales was greater than that done by the much more publicised single hurricane which hit the south-east of England in October 1987. These January and February storms were far more widespread and yet extraordinarily concentrated in some places. I have seen gardens in which cedars have suffered more severely than I have ever encountered before - huge limbs being ripped from trunks and beautiful old trees rendered useless.

In some places this damage cannot be repaired in a lifetime. But it is easy to exaggerate, and one of the lessons of 1987 has been the speed with which many landscapes have been repaired, not to what they were previously but to something new that is already pleasing and full of promise.

Despite the April frost I have had a reasonable crop of apples and shrubs are also recovering better than I expected. At one time I did not expect to see any flowers this year on the slightly tender varieties of *Rhododendron*, what most people first think of as *hydrangeas* when the name is mentioned. Though my bushes seemed to have lost all their upper growth buds and to be sprouting solely from the base, nearly all new growth layers of growth, one very sturdy from low down, the other much more backward but rap-

idly gaining in vigour and higher up. It will be interesting to see how much of this is flowering in August.

Since I ceased to grow vegetables and soft fruits because of my advancing years I have picked my own from the village market garden. At the moment it has bumper crops of gooseberries and broad beans, and I was picking first-class strawberries by June 3.

It always puzzles me why soft fruits growing in this market garden are so little damaged by anything. They are totally unprotected, though I always used every device I could think of to keep the marauders at bay. I imagine it must be that birds, squirrels, etc, just get bored with such a surfeit of one thing and go off to look for a greater variety. In March when everything seemed to be rushing to bloom at once, I began to wonder what would be left for May. I should have known better. It all slowed down and I still had apple blossom out during the first week of June which is about my usual finishing date. As always it was on *Crawley Beauty*, a local apple which is the last to flower in my garden and is a wonderful sight in the orchard since it misses all the frosts. I grow it for the sheer pleasure of seeing its flowers when all the other apple blossoms have gone and also for looking at its fruit-laden branches well into the winter. I rarely bother to pick it since the fruit only makes good size when the leaves have fallen and the task and scarcely worthwhile as the quality is poor.

I have been pondering this levelling up in timing in an otherwise exceptionally early season and have concluded that plants differ greatly in the timing of their flowering and their calendars. Some depend largely - maybe exclusively - on temperature, but many more depend on day length, a fact well-known to those who grow crops in glasshouses.

Day length can be the most confusing controller of all since for some plants it operates one way and for others in precisely the opposite direction. Strangely, it can have this two-way effect on different varieties of the same genus. The *osteospermums*, of which Robin Lane Fox was writing recently, are likely to flower all summer if they are white flowered, but take a rest during July and August, may even overwinter, if they are purple flowered. Now the chase is on to get rid of this awkward idiosyncrasy by breeding, and some successes have already been achieved. A deep purple variety named *James Elliman* received a Freemasonry Commendation at Chelsea and there are others around. We need a trial to sort out the best.

## Clive Fewins on the sad fate of a college tradition Oxford's lost barges

THE OXFORD college barges, the glory of Eighties week and monuments to an age of elegance, have seemed in recent years to represent another of the university's famous first causes.

But despite severe setbacks, a group of dedicated enthusiasts still hopes to restore some of them to the banks of the Isis, from which generations have cheered their rowing crews to greater exertion to bump the boat.

The Riverside frolics, the bump supports and college quad bonfires still continue much in the old tradition.

However, the college barges, ornate floating pavilions that added colour and character to the river for the best part of 100 years - are now missing.

Dating originally from the early 1800s, they were modelled on six London guild barges brought to the university city about 10 years earlier. No other university followed suit, and right up to the building of the last one in 1930, the 26, all very different, lay moored on the Isis, admired by the city and all over the world. But in the 1950s and 1960s colleges found it more convenient to build boathouses with luxuries such as showers, and one by one the old barges were towed away to rot in backwater moorings.

The last college barge, originally belonging to Wadham College, was removed in 1973. But before this, in 1967, a group of undergraduates had formed the Oxford College barges preservation trust, dedicated to restoring and returning a handful of these lovely craft to the city.

The object was to ensure they stayed there in perpetuity and, if possible, to turn one or more of them into a floating museum dedicated to the his-

tory of Oxford rowing. However, despite a 21-year effort, their successors managed to return only one barge, the Jesus College vessel, to its original riverside setting in 1988.

There was at the time much talk of bringing back more barges in an attempt to recreate a little of the opulent atmo-

### One by one the old barges were towed away to rot

sphere of the 1800s. That was the idea in which the college barges lined the banks of Christ Church meadow like something between a Venetian canal and Cleopatra's navy. They were immortalised in Max Beerholm's *For the Sake of the Barge*, a book which, in a generation of young bloods leapt to their deaths from the barges for the love of the exquisitely vain and empty-headed beauty.

But all the hopes of reviving that former glory came to an end in 1988 when the Jesus barge, which was wrecked in a £75,000 fire, almost certainly started deliberately. The Jesus barge, together with the Balliol vessel, now both in private hands, lies in a boatyard at Sumbury-on-Thames awaiting restoration.

The fire was a big setback to the trust's plans, and a further blow befell it a year ago, when Robert Maccoun, an elderly American nautical engineer who had arrived in the city in the late 1940s when the Jesus barge was wrecked in a £75,000 fire, almost certainly started deliberately. The Jesus barge, together with the Balliol vessel, now both in private hands, lies in a boatyard at Sumbury-on-Thames awaiting restoration.

Maccoun, who was brought up on the New England seaboard, was completely taken up with the cause. He saw the barges as the last survivors of a tradition of naval architecture that had lasted from ancient times to the days of Nelson.

He lived on a houseboat in a tucked-away creek called the Kidney Stream that also served as his boatyard. When he died he left £40,000 to the Trust, which is spending the money

on restoring the Hertford barge, now in a boatyard at Chertsey, Surrey.

Despite this, chairman Dr Thomas Charles-Edwards doubts if the trust will have enough to pay for all the work, as the Hertford barge, built in 1911, has a unique design in the classical style - it looks like a miniature Greek temple - and a wealth of decorative wooden detailing.

"If we appeal to the colleges for financial help I'm not sure we shall get it," he says. "Restoring decorative barges is a luxury colleges can't afford nowadays." Moreover, the problems of security in modern vandal-ridden Oxford are enormous.

The last remaining college barge, built for Corpus Christi in 1930, lies in the creek where Robert Maccoun restored it and provides a home for three undergraduates from Corpus Christi college. It could do with a coat of paint, but it is in use and guarded by its residents, despite having been broken into three times already this year. To some it is rather a lonely, forlorn sight, but to the trust it represents success after all less than a mile downstream lie the remains of two more college barges that will never float again.

Of the other 10 or so college barges known still to exist most are either hired out by companies for corporate entertainment purposes or are being slowly restored by their private owners.

It was Victorian poet Matthew Arnold who described Oxford as "The home of lost causes and forsaken beliefs." The trust's valiant efforts over the past 23 years make that phrase still ring true.

Country View

Pool resources

A garden spring could save you a fortune, says Michael Stourton

ANYONE thinking of installing an outdoor swimming pool should consult at least one swimming pool owner before going anywhere near a supplier of pools.

The person consulted should be someone renowned for his objectivity. He, or better still she, should have been an owner for not less than two years, preferably longer. Let him tell you not about those two - or was it three - glorious days around the pool the summer before last, but about the complete swimming pool scene over 12 months.

How the frost cracked the tiles, how poor Patch became enveloped in the solar blanket, how dreary the pool looked throughout the winter, how the work referred to by the supplier as "just routine maintenance" seemed like a life sentence of repairing the electric pump, vacuuming, filter changing and adding chlorine to taste, and how the heating bill was so large that dear Darrel thought it must have been for the whole house, not just the pool.

There may be an alternative to spending something between £7,000 and £30,000 on an in-ground pool; an alternative that will be available to by no means everyone living in the country but available, nev-



A bump outside the barges by Christ Church Meadows in a Torpids race during the 1880s. The barges were the focal point of social life during races until replaced by boathouses in the 1950s

ertheless, to more people than one might think. An alternative that involves no heating costs, virtually no maintenance, no danger to the dog and a visual asset throughout the year.

All one needs is a natural water supply and space to dig a hole in the ground. The mere trickle of water will suffice. A spring is ideal.

Swimming nose-to-nose with colourful dragonflies and sniffing summer scents at marsh-marigold level are experiences cheap at the price of hiring a drag-line to excavate a pool of the size, shape and depth of your choosing. The excavated soil becomes your dam.

Swimming in a natural pool is of course restricted to warmer weather but at other times the pool will provide you with trout fishing and opportunities for creating a water garden.

The one question everyone asks is how one avoids getting one's feet muddy on entering or leaving the pool. No problem, as they say. You construct a small timber jetty with steps down to the deeper water. The jetty serves also as a diving platform.

It's all so simple. And, best of all, you'll be talking in terms of spending hundreds rather than thousands.

THE Soviet Union is the world's strongest chess country, and tournaments staged in the USSR have a reputation as graveyards for visiting players. Defeated grandmasters trail back to the West with awed reports of their favourite operators, and one of the legends of the game is that of a Russian trainer for each Russian entrant.

If you did manage to be well placed, offboard tactics could be a hazard. Robert Byrne, in contention for a high finish in the 1978 Leningrad Interzonal, was regularly woken in the small hours by vigorous construction work in the room above.

Soviet supremacy was enhanced by the reluctance of leading Western GMs to accept invitations to play in the USSR. Larsen's comment that "my mortgage company doesn't accept roubles."

Nigel Short's victory at Baku 1983 was a landmark, but his opponents were not in the front rank of Soviet GMs and post-glasnost, experienced Western GMs at last year's Grandmasters Association qualifier in Moscow were often outmanoeuvred by unknowns.

Moscow's latest event was the final selection tournament for the next GMA World Cup. It offered a remarkable \$100,000 in prize funds, and entry was limited to qualifiers from selection events and players in the previous World Cup series. The 42-man tournament was uniquely strong in depth: only one player was rated below 2500, the level of a high calibre GM, while 15 were 2600 and above, super-grandmaster standard.

The Russians dominated numerically and had the five top seeds, but the final results were the best ever for visitors to the USSR. Seven non-Soviets were in the top 12, while Britain's Jonathan Speelman, declared winner on tie-break ahead of four Soviets had a major triumph. Final scores were Speelman (England), Gurwitsch (world nr. 5), Khalifman (winner of the New York Open), Armanparashvili (winner of Lloyds Bank) and Bariev (Hungary), de Firmian (USSR) and Chandler (England) 6.5.

Speelman and Murray Chandler qualify for the World Cup where John Nunn and Nigel Short already have qualified.

Speelman, 33, was a world championship semi-finalist last year and has won three olympic silver medals with the England team. Starting his chess career as a pure tactician, he has gained stature by blending technical skills with his natural game so that he can switch styles at will, outplaying weaker opponents positionally while stirring up complications against stronger rivals.

At Moscow he patiently won a difficult queen-rook endgame with an extra pawn against de Firmian, contrasting with the opportunistic tactics he used to beat Kasparov in the recent Infolink-Thames TV knockout tournament.

Differing chess styles and perceptions were also the theme in this week's game, played at Moscow between Canada's No. 1 and the reigning USSR champion. Spraggett likes flank openings where his pieces can snipe at his opponent's centre from a distance. Vaganian countered by fainting to defend his central pawn bastion then, at move 11, exchanging pawns.

This plan left Spraggett with a pawn centre, but because his pawns were far back on the second and third ranks the middle squares became an open battlefield over which pieces fought for control. Vaganian targeted his queen and rooks on the central files and used his opponent's strategy to outflank the defences at c3 and g4. In a poor position, Spraggett blundered at move 40, the last move before the time control, and resigned when he saw that if 41 dxe4+ 42 Qg2 (42 Kf1 Qd4+ wins the rook) Qe1+ 43 Qe2 Qxc3 44 Qxc3 leaves White two pawns down.

White: R. Spraggett (Canada). Black: R. Vaganian (USSR). English Opening (Moscow 1989). 1 c4 c5 2 g3 Nf6 3 Bg2 d5 4

## CHESS

position and extra passed pawn) Rxe4! 41 Resigns.

PROBLEM No. 826  
BLACK 6 MEN  
WHITE 10 MEN

White mates in two moves, against any defence by White. (Reilly). This puzzle stumped the great Capablanca (world champion 1921-27) for 15 minutes on a day when he solved a dozen other problems at a brisk average of 15 seconds each. Can you take up the challenge, and beat Capablanca's time?

Solution Page XXIII

Leonard Barden

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## BOOKS

# Best left to speak for himself

William Packer on publications inspired by Van Gogh's centenary

**A** HUNDRED years ago next month, at Auvers-sur-Oise to the north of Paris, Vincent van Gogh died two days after shooting himself in the chest. He was 37. This of all anniversaries was surely the most marked in a welter of publications, for Vincent, so tormented and neglected in his lifetime, remains the most popular and accessible of the modern masters. Quite what good it all does is another matter. The story is well known almost to the point of tedium, and while the details of the earlier life have been much fleshed out by recent research, the effect is only to confirm what was previously inferred. As for the later years, the letters supply the most potent effective of autobiographies which, with the works to which they are so intimately bound, tell us all we ever need to know. With Vincent van Gogh we face the nearest possible way the old, old problem: that the life too easily gets in the way of the work.

That is not to say the artist's biography does not have its uses, but the more factual and straightforward it is the better. David Sweetman's exhaustive new study of Vincent's life, *The Love of Many Things*, is a curious combination of faults and virtues, simultaneously factual and speculative, serious and yet oddly vac-

uous. Sweetman is no writer, his text too often crass as a serial in a Sunday paper - "There was stunned disbelief at the first reports that an inadequately prepared French army had suddenly surrendered at a somewhat remote place called Sedan." "Vincent unfastened his portfolio and spread out the drawings. Christpeels wondered what he was supposed to say."

Even so, the book has its virtues with the family background and the general sequence of events, friendships, influences and crises conscientiously set out. Especially good is the account of Vincent's time as a missionary among the miners of the Borinage, in the Belgian coalfields, in 1879, just before he turned finally to art. It is a period often represented as of unremitting and abject failure in his religious vocation. Here it seems more positive than that, with a true heroism to be found in the compulsive, idealistic self-abandonment through recurrent nervous crises. The case for Vincent coming to his vocation as an artist, not by rejection but through the reconciliation of his religious and



'The Woodcutter,' a chalk drawing of 1885 from the centenary exhibition catalogue of the drawings of Vincent van Gogh at the Kröller-Müller Museum, Otterlo

creative impulses, intuitively recognised by the Reverend Pieter van der Grinten, to whom he turned for advice, is convincingly made. The book's title is adapted from Vincent's own writings - "I always think that the best way to love God is to love many things." More tautly written and half the size, it would be twice as useful. The picture-books, meanwhile, continue to appear. Most covetable of the latest crop is the two-volume catalogue of this summer's great centenary exhibitions in Amsterdam and Otterlo, of the paintings and drawings (London: Arts & Crafts, 1989, 336 and 262 pages, £58 each). Each volume carries several critical essays, and every single work exhibited is reproduced in full colour. The

catalogue of the drawings is especially useful, for they cover in the most close and intimate way Vincent's career as an artist from first to last. There has never been so large a show of them, and many have seldom been seen. Vincent van Gogh by Hans Bronkhorst (Weidenfeld & Nicolson £25) is a straightforward account of the life through selected works set out and annotated in their chronological sequence, with extracts from the letters as appropriate. The reproductions, too often flattened and over-glossy, are adequate rather than brilliant. The text is rather more interested in circumstantial details, both of the life and subject-matter, than in painting as painting. Pascal Bonafoux adopts a similar approach for his Van

Gogh (Barrie & Jenkins £19.95, 160 pages), which he prefaces with an extended critical essay and supplements with a skeleton catalogue of what he considers the essential works. Again the places in Vincent's odyssey as a painter supply the framework of the book, only here augmented by photographic and documentary material. Bonafoux makes copious but effective use of the letters. The design is more adventurous, the reproductions rather better. But in this quasi-biographical genre, Bruce Bernard's brilliant and pioneering edition of the letters, *Vincent by Himself* (Orbis 1989) remains supreme, with the works beautifully chosen and illustrated and the letters that relate to them left entirely to speak for themselves.

# Caught, hook line and sinker

A RIVER RUNS THROUGH IT  
by Norman Maclean  
Picador £11.95, 317 pages

**WE SHOULD** be grateful to Pan Books for bringing this little gem across the water. First published by the University of Chicago Press in 1976, it has come to be regarded as a modern classic, partly among lovers of good writing and especially among literate fishermen. The author, who taught English at the university for 45 years, started writing after taking 70. His students had included Saul Bellow and Philip Roth; his own work has resonances of Mark Twain's humour, Ernest Hemingway's lean prose and Robert Frost's poetry. Frost was one of Maclean's early teachers - but this listing of the names of great American writers who have touched or been touched by the author should not lead you to think that his work is artificial, or pretentious. "In our family," runs the opening sentence, "there was no clear line between religion and fly fishing." This starts the first of three stories, two long and one short, in which the rivers and mountains of Montana form the physical landscape. The mental landscape is provided by partly autobiographical reminiscences of his Scottish ancestors in an earlier, rugged, time, some decades before the liberation of women. I dread to think what a contemporary feminist might have to say of the world here described. Let us say that this is not the America of thirty-something: this is the quality West. You get plumps, and prostitutes, and drunks, and gamblers, but most of all you get true sons of the earth, at their happiest fighting, fishing, or logging.

"The body and spirit suffer no more sudden visitation than the land of losing a big fish, since, after all, there must be some slight transition between life and death," says Maclean, a whopper just got away. "... With a big fish, one moment the world is unclear and the next it has disappeared. That's all. It has gone. The fish has gone and you are extinct, except for four or half ounces of stick to which is tied some line and a semitransparent thread of willow bark. And a little curved piece of Swedish steel to which is tied part of a feather from a chicken's neck." The time of which he writes was the end of the frontier years, the last in which north of the river was mainly his own strength and skill to rely on in the effort to master nature.

It is one of those books whose best bits you want to read aloud, following people around as they live. You learn a lot, think, mistake, there really is more to this poet than poetism. But otherwise it is the book's judicious clarifications of many a befuddled issue that are its chief recommendation. Raine doesn't conceal the fact that he has assiduously reworked his original material. Some of the "essays" are journalistic reviews dubiously dignified with a title like "Subject Matter in Poetry" (an onslaught on Peter Porter) or "Poetry and Philosophy" (a disaffected look at Charles Tomlinson). Others, like the droll pair of radio and television columns, pretend to be no more than what they are. But, to borrow one of Raine's own metaphors, this book is the rich red beef, not the meat and two veg, of criticism. It stands, to change metaphor, as a monument in an age of ideology to purely literary pleasures.

Nigel Andrews

Today's Raine is unfairly rough with the poetry of Tony Harrison. His terse dismissal of Wilfred Owen's verse is also, I think, mistaken; there really is more to this poet than poetism. But otherwise it is the book's judicious clarifications of many a befuddled issue that are its chief recommendation. Raine doesn't conceal the fact that he has assiduously reworked his original material. Some of the "essays" are journalistic reviews dubiously dignified with a title like "Subject Matter in Poetry" (an onslaught on Peter Porter) or "Poetry and Philosophy" (a disaffected look at Charles Tomlinson). Others, like the droll pair of radio and television columns, pretend to be no more than what they are. But, to borrow one of Raine's own metaphors, this book is the rich red beef, not the meat and two veg, of criticism. It stands, to change metaphor, as a monument in an age of ideology to purely literary pleasures.

Paul Driver

Joe Rogaly

WITHOUT TRACE  
by Katherine John  
Century, £12.95, 426 pages

THE GOLDEN DUCK  
by Vivienne Wayman  
Macmillan, £10.95, 383 pages

UNDERGROUND  
by Russell James  
Gollancz, £11.95, 716 pages

NOBODY LIVES FOREVER  
by Edna Buchanan  
Century, £12.95, 241 pages

do-poetic ("His steps, though cautious, were brisk as the rage and pain ebbed and fell away like a discarded garment"). In any case, Century has issued the book in such a final print that, even if the story were a lot more inviting, no reader who values his vision would want to read beyond the first chapters.

William Weaver



Richard Hoggart: makes an example of himself

# Observers of life look back

A SORT OF CLOWNING: LIFE AND TIMES 1940-1959  
by Richard Hoggart  
Chatto & Windus £14.95, 225 pages

HOME COUNTRY  
by Richard Mabey  
Century £14.95, 186 pages

**RICHARD HOGGART** is someone who goes in for strong uncompromising titles like *The Uses of Literacy* in 1957, one of the most influential books for students of the humanities in the post-war period. We learn here that it was originally called, even more uncompromisingly, *The Abuses of Literacy*. More recent Hoggart titles include *An English Temper: Essays on Education, Culture and Communications* (1982) and - a Shakespearean borrowing - *A Local Habitation*, the title of the first volume of Hoggart's account of his own life which appeared two years ago. It dealt with his orphaned, working-class childhood and formative years at Leeds University under Bonamy Dobson.

*A Sort of Clowning* continues this personal story through the war years and into the period after he was released from the army. Then Hoggart became a teacher of extra-mural studies attached to Hull University.

Richard Mabey, whose *Home Country* is also a personal account of life in Britain by a professional writer, seems blissfully unaware of the sensitive observer of people and places do the driving. Hoggart, who describes in its varying moods with great ease and knowledge. He grew up in and around Berkhamsted ("... thoroughly colonized by the Greens") after the war. Mabey cannot wait to get away from it on his bike, an ancient Hercules inherited from his Dad, an accountant with a clearing bank, to trace the course of a local river, to share the Charnwood and to check out the dates of arrival of migrating birds. "Wheatears came on the 12th of March, chaff-chaff on the 16th."

"By the time I was nine," he writes, "I had a keen interest in the natural world. An interest which was to tell the story of how an attitude to nature was formed out of the experience of different landscapes." Thus, though Mabey goes to university, we never discuss the Charnwood, or to check out the dates of arrival of migrating birds. "Wheatears came on the 12th of March, chaff-chaff on the 16th."

It is an untypically defensive title for Hoggart and after one has read the book one sees why. He is writing, not about himself as he was in the pre-war past, but about the character in fiction with critical detachment, but as he is now - author, academic, husband, father and, in the final chapters, grandfather. There is a great deal in the book about his career, both in the army - he became a jumping-off point for his observation on the wildlife to be observed a mile or two away from Heathrow airport where the company's office was then located. By this time Mabey had begun to acquire his reputation as a writer. He discusses his biography of Gilbert White which won an award. He is asked to do a piece on the changing English village, which takes him to Warwickshire, and on the Commission and the conservationists. This takes him further north to Sutherland whose troubled history since the Clearances he notes.

As middle age approaches Mabey does what time has come to settle down in his own wood. By one of those extraordinary strokes of luck which always seem to be happening to him, he finds the very thing in Hertfordshire "awash with bluebells" with a For Sale notice pinned to a tree by the entrance. He writes: "I found I was already besotted by the place. I raised my bid and waited."

Throughout the book Mabey communicates these rural enthusiasms to the reader with great zest and spontaneity. More power to his binoculars.

Anthony Curtis

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# The not so lost race of the movie world

**T**HERE IS an old proverb that the screenwriter is the first person you have contact with on entering a Hollywood studio: he is the doorman. Nine decades of movie history have done little to pick him up and dust off his career status. (Or hers in the case of famed early practitioners like Anita Loos, Eleanor Glyn and Dorothy Parker.) As Ian Hamilton demonstrates in this well-researched chronicle, even when he or she was well paid - up to \$1500 per week back in the 1930s - the screenwriter was virtually powerless to shape movies. One reason was that he often worked in a chain-gang with six to ten other writers. Another, that his job usually ended rudely and abruptly on day one of shooting. Even when a screenwriter did leave his stamp indelibly on a movie as Dudley Nichols did on John Ford's best work or Rob-

WITNESS IN HOLLYWOOD 1915-51  
by Ian Hamilton  
Heinemann £14.95, 315 pages

ert Riskin on Capra's - he lost the credit or kudos war. *Stagecoach* is forever a "John Ford movie." *Mr Smith Goes to Washington* has Capra trademarked all through it like a piece of seaside rock. The Hollywood writer is a semi-disposable animal. At best, he provides a diffident, unsung blueprint for the final work. At worst, he creates in order to give the star and director something to destroy. The best thing about Hamilton's book is the awareness it gives us of the protean nature of the screenwriter's task. In the years the book covers, he writes to Chandler to ask him who killed the chauffeur in *The Big Sleep*. Chandler replied

that he had no idea. The writer could also be - and this surprisingly was among the top jobs - a script fixer or "corpus ringer." Robert Towne (*Chinatown*) is famous in this role today. Back in Hamilton's remembered Hollywood, the man-in-demand doctoring ailing screenplays was Ben Hecht. Hecht earned a fortune and seldom claimed a credit. He worked on everything up to and including *Gone With the Wind*. In a sour moment, he also spoke one of the wisest words that should be skywritten today in the age of the so-called auteur. "A movie is never any better than the stupidest man connected with it."

I find it odd that Hamilton stops at 1951 at all. In Hollywood last year I trailed the town for top screenwriters and confirmed for myself a startling phenomenon. Far from being the lost race of movie

creativity - which is how Hamilton leaves them in the Armageddon wake of the HUAC hearings - the writer today is among the most powerful people in the land. Erstwhile pen-wielders set their own terms for becoming top directors: men like Oliver Stone (*Born On The Fourth Of July*), Barry Levinson (*Rain Man*), Robert Zemeckis (*Back To The Future*). And script prices are going through the roof. Latest record: \$1.75m, for a new script by the writer of *Lethal Weapon*.

Hollywood is at last realising, as Hamilton leaves us thinking it never did, that the man with the "idea" may be the true layer of the golden egg. How the egg then gets cooked (if that's what one does with a golden egg) is the arguably less demanding task of the director.

Nigel Andrews

# Fun with literary riddles

HAYDN AND THE VALVE TRUMPET  
by Craig Raine  
Faber & Faber £20, 498 pages

though he was skinning himself, and his hat as though scapling himself. Raine multiplies the examples and seems to reach, through the loving exactitude of his observations, to the heart of Dickens's queer and copious imagination. The two essays on Eliot and Stevens, are among the most valuable of the collection - original in their stance, extensive in their implications, and displaying intense familiarity with the oeuvre in question. But the author's range is wide, as wide indeed as the Eng. Lit. syllabus at Oxford University where he taught for years. He has fresh things to say about Ben Jonson, Dr. Johnson, Donne, Marvell, Coleridge, Hopkins, Kipling, Joyce, Auden, Betjeman, Golding, he is thoroughly at home with modern American poetry and, though it does not write about it separately, with 19th

century Russian fiction too. His tone couldn't be less academic, however. Though his judgements are as carefully considered, by and large, as an Oxford don's, his erudition is not so much exhibited as taken for granted as part of the sheer hard work that should go into the writing even of a modest review. His addressee is Dr. Johnson's "common reader," and the emphasis of his prose is all on eloquence, clarity, liveliness and humour.

Once or twice the humour is gained at the expense of critical sensitivity. For example, a too vigorous Anglo-Saxon scepticism is brought to bear on the intellectual style of Elias Canetti; and in a generally delightful lecture, "Poetry, THROUGH SOME of these authors have written other things, the four novels listed here are debuts in the field of crime fiction and their differences of approach, their varying degree of success underlines the observation that it's easier to read than to write. The longest of the four, *Without Trace*, is an interesting mixture, sprawling, sometimes overwritten, like a jigsaw puzzle with too many pieces. Katherine John seems uncertain what line to take, in one scene she may sound like Ed McBain; in another, like P.D. James. There are several irritating elements - showy, extraneous nonsense about Pierrot costumes, a confusing bit of ESP - but John is definitely a promise: her dialogue is, for the most part, straightforward; she has a good feeling for place, a social sense. And her minor characters are not just decorative: they have a keen edge, some tough nurse is particularly well-drawn, the sort of character that, in a 1940s movie would have been played by Una Merkel or

Glenda Farrell). Katherine John has to work on the organisation of her material, and she could learn a few things from the less ambitious Vivienne Wayman, whose *The Golden Duck* is a model of construction. Here the author is trading familiar ground: a confined neighbourhood in a remote place, an ill-assorted group of quirky characters, a sensible middle-aged female protagonist to give it all focus, a dramatic solution. Even though the protagonist is a painter, the landscape - North Norfolk Coast - is perhaps seen in too great detail. Do we have to know the name of every bird and weed and wildflower? There is a point where accurate visual information becomes distracting, the trees or the ragwort and sea purslane, in this case, obscure the forest. Still, this is an eminently readable work. Wayman's world is largely the comfortable middle-class

who speak the same language as the reader. Russell James, in his teasing thriller, has a first person narrator, apparently from an under-class, and this immediately creates a problem of language. To give his narration authenticity, James makes his protagonist use double negatives, "like instead of 'as' or 'as if' but the effect is unconvincing. Each time an "ain't" or a "gonna" crops up, it seems forced, especially when the same person drops words like cognoscenti and from time to time uses the subjunctive correctly. Purple, meditative passages clog the flow of the story, and the mystery enshrouding the narrator, deliberately left unclarified at the end, seems something of a fraud. Still, the narrative hooks you; and some set pieces are clever. Edna Buchanan is a prize-winning crime reporter for the Miami Herald. Her style alternates between terse and pseu-

# Crime debuts

do-poetic ("His steps, though cautious, were brisk as the rage and pain ebbed and fell away like a discarded garment"). In any case, Century has issued the book in such a final print that, even if the story were a lot more inviting, no reader who values his vision would want to read beyond the first chapters.

William Weaver

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## ARTS

## Rare Weill event

THE TENTH Almeida International Festival of Contemporary Music opened on Thursday at the Union Chapel, Islington, with the Matrix Ensemble's British premiere of concert suites drawn by David Drew from three of Weill's seldom performed post-Berlin stage-works.

One has to fight back the unwelcome suspicion that many "serious" music-lovers might think this the best way to present the scores nowadays, shorn of their theatrical content or any hint of Broadway impurity. You certainly feel that Drew devised "War Play" (based out of Johnny Johnson, 1936) for the 1975 Berlin Festival because he knew audiences there wouldn't be able to take the real thing.

The suite gives a sadly misleading impression of an important work - the barely surviving narrative is all jumbled up and the programme notes are little help - and the omission of the climactic "Johnny's Song" seems close to vandalism. I know, it's mawkish and sentimental, but it works powerfully on its own terms, as anyone who saw Not the RSC's performance of the play at (ironically) the Almeida Theatre will remember.

We would be grateful to Drew, though, for disavowing "Farewell, Goodbye," a fine song with a typically bitter-sweet postlude cut before the opening, and for the authentically detached way in which Angelina Reaux sang it. Otherwise, only Quentin Hayes and Nicholas Foulkes as the Army Padres singing the same prayer in different languages hinted at the punch that Johnny Johnson can still pack.

Not even the most rabid Weillhater is going to demand performances of Jacques-Delval's play *Marie Galante*, for which he hastily wrote incidental music in 1934. Drew's suite includes all the songs and much beguilingly witty dance music, and will do nicely, thank you. How typical, though, that even when writing in haste Weill should have

come up with one of his greatest songs, "J'attends un navire," which says so much about the indomitable of the human spirit. Miss Reaux sang it magnificently, not as a torch song, but in a spirit of angry defiance - nearer to "Caesar's Death," say, than to "Surabaya Johnny."

The revelation - and it was no less - of the evening came after the interval with "Cry, the Beloved Country," Drew's suite from *Lost in the Stars* (1949), the composer's last completed work based on Alan Paton's novel. Admirers of this faultlessly composed score have been forced to admit up until now that events in South Africa, not to mention the US, since 1947 have made revivals virtually impossible. Weill's musical humanism simply wasn't enough in the face of "humanity on such an epic scale. But now, with a speck of light somewhere at the end of a long, long tunnel, and with the experience of this stunning performance, it may be time to think again.

Drew has fumed the title-song again, but kept everything else essential and linked the numbers with narrations taken from the novel, delivered here with icy, furious detachment by Ian McDiarmid. A fine black chorus has been engaged and distinguished soloists whose totally committed and trusting delivery set, as it were, a seal of respectability on proceedings. Cynthia Clary's singing of "Trouble Man," and Damon Evans's of "The Wild Justice," were soul-searing in their impact, as was the double-chorus "Fear," all conducted with true theatrical flair by Robert Ziegler.

The pole-axed audience cheered and cheered: *Lost in the Stars* could just be a stumbling 20th-century masterpiece waiting for someone brave enough to bring it back to life. Meanwhile, there is Drew's suite, and Matrix are repeating the performance this evening: I commend it fervently.

Rodney Milnes



A great ghost is laid by a radiant performance from Natasha Richardson

## 'Gimme a whisky...'

Martin Hoyle reviews the Young Vic's production of Eugene O'Neill's 'Anna Christie'

"GIMME A whisky, ginger ale on the side - hey, don't be stingy, baby." As uttered by Gerbo in her first sound film, the lines that launched a thousand clips reassured the watching millions that the Swedish star could talk. In the Young Vic production of the original play, Eugene O'Neill's 1920 *Anna Christie*, the great ghost is laid, slipping into the shades to achieve its ambition to be alone.

Natasha Richardson evokes a different icon: round face framed by blonde hair, the Mary Pickford/Lillian Gish look is right in period and makes sense of the shock that attends this broken blossom's revelations of her slide toward deg-

radation. Anna, you remember, is the 29-year-old (and the actress looks not a day over) left as a child by her seafaring father to be brought up by farming cousins, who turns out to be a scarlet woman. The strength of both Richardson's performance and David Thacker's production is to present both hard-boiled and face and soft centre absolutely convincingly. One believes in both Anna's drift into prostitution and the little-girl vulnerability that never leaves her.

For modern sensibilities, O'Neill's depiction of male horror at Anna's past may well be even more odious than he intended. This is balanced by the corresponding vigour, in time with today's sympathies, of a sharply enunciated feminist message. Anna's contemptuous assertion that "it's men's fault, the whole business" - "God, I hate them, every mother's son of 'em, and the final lesson, aimed at the infatuated young Irish stoker and her heartbroken old father, that she is nobody's property but her own woman, must have sounded an innovative note in post-Great War society.

Elsewhere there are glimpses of that Irish - and Russian - ability to portray men as vainglorious, posturing incompetents while the women pick up the pieces and get on with life. The besotted young Mat, taking Anna's guilty past as a personal insult to himself (not a word about what she must have suffered), combines pathos, arrogance and absurdity. The writing neatly undercuts the hint of a maudlin happy ending with his sudden anxiety over whether Anna is a Catholic. David Harbly's last London appearance was as the peroxide queen in the Belfast play *Carthaginians*; he moves from mincing screamer to sturdy stoker with utmost plausibility, and makes the fibrous prolixity (O'Neill lays on the blarney with a trowel) touching, funny and pitiable in its anguish.

John Woodvine's salty Swedish patriarch is lean and shrewd where the character should be lumpy and fuddled, almost too intelligent (and self-mocking?) for the old man's angry reproaches of "that old devil sea" - in this in-the-round production he apostrophises startled players with elevated first and second of "you dirty old dog" if the play's heart beats firm and true with Miss Richardson's radiant performance - unselfish, hopeful, wry, defensively prickly, inwardly yearning for the comfort of the other female role. As the warm-hearted waterfront lush Marjorie Yates displays sympathy and a capacity for lager that puts the part ahead of even Ophelia in the liquid intake stakes.

## Gable's 'Giselle'

CHRISTOPHER Gable's production of *Giselle* for Northern Ballet Theatre seeks to provide a freshly coherent view of the action as a village drama. The idea is a good one, given the restricted forces with which Gable must make his staging's points, and in the main this version - which I reviewed in February at its Sheffield premiere - is a recognisable account of the Romantic masterpiece. Some of its ideas are wifly - there is no urgent point served in showing us the inside of Hilarion's cottage - but the essential form of the work is respected, and the updating of the action to the 1840s (when *Giselle* was created) is an inoffensive example of producer's mania.

But whatever revisionist tricks a staging may pull, there is no escaping one central fact: *Giselle* is a vehicle for outstanding dancers. Without a ballerina - and please Heaven, a decent premier danseur - it is uninhabited, no matter how vivacious the peasant in Act 1 or how much dry ice swirls round the wills (and RST came up with a peasant, such as we have not known since the opening chapter of *Black House*). On Thursday night, Trinidad Seviliano and Patrick Armand as guests brought the staging into sharp focus: their best gifts of physique and imagination are excellently suited to it, and the old ballet lives.

Armand is a fine virtuoso, but he is even more interesting as a dancer-actor able to probe the depths of a characterisation, witness the subtlety of his Frédéric in *L'Arlesienne*. His Albrecht is impetuous but always shadowed by guilt, and the onset of Giselle's madness finds him the incarnation of despair, vivid naturalism controlled by a sense of period manners. His dancing in Act 2 is powerful, driven by terror, although dim lighting made it seem as if he were hiding his technical light under a bushel.

Trinidad Seviliano is a meltingly touching Giselle. The lyric softness of her style - movement, curves, takes a pose and seems gently to hold its breath there - is everywhere credible and appealing as a portrait of the peasant and the ghost. The outburst of feeling in the mad-scene is searing, true, the fullest placing of the will's dance speaks of compassionate grace. I found her reading, like Armand's, worthy of the best traditions of a ballet which, too often, seems inhibited by nothing but good intentions. The credibility of any performers in the second act forest, though, is sabotaged by lighting better suited to an ice show. The tasteful mauves and acid greens, the cast-light immediately above Giselle's tomb, are of exquisite vulgarity.

Clement Crisp

## Records Opera at home

WITH THE first-ever Royal Opera production of Verdi's *Attila* coming up in the autumn, EMI have chosen well the moment to issue their new recording. Those who can afford over £200 for a pair of tickets can get to know the opera in advance. Anybody else can buy this new set of CDs and still have enough money for a complete set of Wagner's *Ring* cycle and two or three other operas left over. Such are the finances of operating these days.

A choice between the live performance and the recording starts to look a one-way bet as soon as the first CD begins to whirl in the machine. Riccardo Muti, conductor of EMI's Verdi cycle in progress, leads an exciting performance of what is an unduly neglected early work. *Attila* is a splendidly invigorating piece of Verdiian epic, and the recording is a rich but uneven score that progresses in an ungainly waltz-like fashion: two steps forward to the maturity of the great operas, one step back to the nakedness of the early ones. Anybody wanting to sample the opera at its most inspired might try the opening of the first act. The heroine, Odabella, is ruminating at night about the death of her father. Woodwind utter plaintive cries; strings rustle below. This series of atmospheric music is worthy of a far more famous opera and it is sensitively interpreted both by Muti and by Cheryl Studer, who displays a blend of passion and easy lyricism that marks her out as one of the most accomplished Verdi sopranos of recent years.

But then the set as a whole is well cast. Samuel Ramey makes a dark and incisive Attila, singing with a fine focus to the voice, and Giorgio Zancanaro is a sturdy Ezio. The opera at its most inspired might try the opening of the first act. The heroine, Odabella, is ruminating at night about the death of her father. Woodwind utter plaintive cries; strings rustle below. This series of atmospheric music is worthy of a far more famous opera and it is sensitively interpreted both by Muti and by Cheryl Studer, who displays a blend of passion and easy lyricism that marks her out as one of the most accomplished Verdi sopranos of recent years.

It is a Verdi tenor we are seeking, then there is no need to look far. A new recording of *Aida* from Decca brings us Luciano Pavarotti, who has everything to give this composer that Shickof does not: glorious tone, malleability of phrasing and a way with the words that makes him after him take on a new depth of feeling. It is a splendidly involving performance, and a welcome sign of the singer's suitability for the role of Radames, after the doubts that were expressed when he appeared in it at Covent Garden.

This is very much Pavarotti's *Aida*. But in the wrong way as well as the right one. Words of the rest of the cast equals the calibre of his singing. The two other Italians - Maria

Chiara as Aida and Leo Nucci as Amosaro - give standard performances, the technical difficulties professionally despatched, the Italian style well within their bones; but neither Ghena Dimitrova as Amneris nor Paata Burchuladze as Ramfis is heard to good advantage. Lorin Maazel conducts with cool detachment. No spontaneity, no excitement. Not really Verdi's *Aida*.

The discipline of a strict budget can bring its own rewards in recording opera. Hyperion, one of our most adventurous independent companies, has recently released Handel's *Acis and Galatea* in its original version for small forces, an attractive proposition, not often heard. Strictly speaking, the piece is not an opera at all. But it is invariably encountered on stage and some readers may recall Opera Factory's early production, in which the lovers rolled about in filmy costumes throwing mud at each other.

Verdi: *Attila*. Orchestra and Chorus of La Scala, Milan/Riccardo Muti. EMI CDS 7 49862-2 (2 CDs).

Verdi: *Aida*. Orchestra and Chorus of La Scala, Milan/Lorin Maazel. Decca 417 438-2 (3 CDs).

Handel: *Acis and Galatea*. The King's Consort/Robert King. Hyperion CDA 66361/2 (2 CDs).

Massenet: *Esclarmonde*. National Philharmonic Orchestra/Richard Bonynge. Decca 425 651-2 (3 CDs).

while Polyphemus appeared as an old wino in a dirty raincoat.

While listening to these new discs, one can happily leave the production to one's imagination. Occasionally the conductor, Robert King, lets the tension sag and Handel on period instruments usually has a sharper rhythmic outline. But the set is well worth the acquisition for the singing of the two young Handeliens in the title roles: the soprano Claron McFadden and the tenor John Mark Ainsley, both beautiful voices, warm and supple, making light work of Handel's taxing vocal writing. Michael George adds a characterful Polyphemus. What a marvelous, unbroken string of memorable musical numbers *Acis and Galatea* unravels.

Finally an irresistible reissue, Massenet's *Esclarmonde*. This opera came a cropper at its only outing at Covent Garden, which was a shame, as Joan Sutherland and Richard Bonynge had already shown on this recording that they were well suited to the interpreters of the piece. The opera is well suited to Wagner but do not have the patience to wait two hours for the first climax, what better way to indulge oneself than to wallow in this pseudo-Wagnerian fantasy drenched in French sensuality? Utterly delicious!

Richard Fairman

## A 'Tito' white hot with intensity

IT SEEMS almost incredible now that for a century and a half *La clemenza di Tito* was regarded as Mozart's operatic failure. All those commentators who wrote that the score was too weak to work as a music drama would be invited to rise from their graves and buy a ticket for the next performance at the Queen Elizabeth Hall, where John Eliot Gardiner is conducting the opera in concert as part of his "Mozart Encompasser."

The concerts are being recorded and will be available on disc for the Mozart bicentenary year. The timing is admirably judged, as there is a need for a new look at the opera and Gardiner's *Tito* should prove to be the standard by which the work is judged in the 1990s, in the same way that the recordings by Kertész, Collin Davis and Böhm were in their respective decades.

It will be an exciting performance, fiercely dramatic, white-hot with intensity as the drama approaches its peaks. From his recordings of the piano concertos we have learnt that Gardiner is less likely to feel his way under the music's skin when his mood is warmly expressive or amiable than when it is in the grips of tragedy or passion. He prefers to seize the music and rigorously drive the meaning out of it.

For that reason Mozart's opera seria will most likely suit him better than the comedies, with their half-lights and easy jocularity. From the first notes of the Overture the performance was thrillingly exact and clear (Gardiner demands orchestral precision). The music was kept at full pressure, leaving us in no doubt that this is a drama about individuals brought by circumstances to the limits of their endurance.

The cast was well chosen, if not superior to those we have seen at Covent Garden and elsewhere. Anthony Rolfe Johnson is that rare find, a truly moving Tito, who sings his music with such melting tone and inner warmth that the character for once seemed fully-rounded, the genuine centre of the drama rather than merely the pivot around which everything else moves.

Richard Fairman

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## SPORT

## World Cup soccer

## Referees are on a winning streak

THE referees are winning. By Thursday night the footballers had managed 34 goals between them in 16 games but the men in black had managed 37 yellow cards, or cautions, and three red ones for sendings off. The effect has been immediate: boots have stayed on players, mouths have stayed shut.

The referees have followed FIFA's instructions to eliminate tackles from behind, which almost inevitably mean the tackler kicks the player as well as the ball, and the "professional" foul, punishing them with yellow cards, or worse.

When Hassan Hassan burst through the Dutch defence, Ronald Koeman shoved him from behind, calculating, in the cynical logic of the professional foul, that a free kick from 30m out would be better for his team than allowing the Egyptian a clean run at goal. But Hassan tried to stay on his feet, finally losing his balance in the penalty area. The referee decided to let a penalty fit the crime and Egypt scored the goal they deserved.

The highlight of the first week was Italy's 1-0 victory over Austria in front of the adoring public at the Olympic Stadium in Rome. The Austrians came for a draw and packed their defence, the Italians unpicked it with brio.

They pulled the Austrians all over the place, stretching their flanks with the fast, direct running of Paolo Maldini (notionally a defender), Roberto Donadoni, Gianluca Vialli and Fernando De Napoli or breaking through the centre with intricate moves orchestrated by Giuseppe Giannini and, again, Vialli. Their defence effortlessly stifled any Austrian sorties.

But, the Italians have a weakness and it is a potentially crippling one. They have great difficulty scoring goals. Against Austria they never lost their heads and eventually scored in the second half through the head of Salvatore Schillaci. The great bowl of the stadium filled with joyous noise, except for the segment where the Austrian fans sat.

The same diffidence in front

of the net marked the Italian's second 1-0 win, over the USA. After a dazzling early goal from Giannini, the Italians slipped into autopilot which allowed them to clear off the line from Peter Vermes.

Italy are not the only international side to lack a pure marksman. Several teams have played imaginative creative, soccer only to betray themselves in front of goal. The USSR in both their games and Uruguay, who even squandered a penalty kick against Spain, have been the greatest offenders. Only three players with top teams in Italy satisfy

## Peter Berlin on why there is creative play but few goals

the traditional test of the marksman: a goal every other game over a lengthy period. They are: Rudi Voller of West Germany, Carca of Brazil and Gary Lineker of England.

Italy have scored in the 80s. Voller, who had hit 33 goals in 62 internationals before Italy, did not score in his first game, but then he did not need to. West Germany crushed Yugoslavia 4-1 in Italy. The Yugoslavs are a highly talented team but the Germans overpowered them with foot-

ball of the highest class; relentless well organised but imaginative too. It was extremely impressive even if it seems at times like pulling the wings off a butterfly.

The rest of the opening matches presented a pleasant spectacle as play ebbed back and forth, and often merely sideways, in well-wrought passing movements of little purpose. Except for Czechoslovakia's intelligent dismemberment of the USA they were pale imitations of the best Italy and West Germany managed.

Brazil were indebted to Carca for their 2-1 win over Sweden. He effortlessly added two goals to his tally of 25 in 48 internationals. For Sweden, Tomas Brodin, a baby-faced 20-year-old, has a cool aplomb which suggests that he could soon join the ranks of great scorers.

After five days of artistic football the England-Ireland match game as a shock. The press corp reacted like art critics who turn from admiring the roof of the Sistine Chapel to find a hooligan with a spray can at work on the walls.

The first two matches in the hooligan group — confirmed that in spite of the referees' clampdown fortune still favours the brawny. Egypt and the Republic both wrested draws from more fancied opponents with relentless tackling and physical contact at the very limits of what the referees would allow.

Egypt defended ferociously, they seemed to take particular pleasure in gang-tackling the great Ruud Geert who had an off night, and attacked with verve and flair. They thoroughly deserved their draw.

The press, both in Britain and abroad, reacted with horror to the disjointed, bruising, skillless 1-1 draw played on a wet, windy night in Cagliari. They were unfair to the Irish who are acutely aware of their strengths and weaknesses and



What a scream: Giannini scores against the USA

play accordingly. The Irish squad is stacked with midfield players, all of a similar type, quick, tough and neat rather than flamboyantly skilful.

Coach Jack Charlton is less well provided with central defenders and attackers and fills those positions with bruisers. The Irish strategy is to create by destroying, to smash the other teams creative rhythm, reduce the match to chaos and feed on the scraps. The better

it works the less attractive the spectacle. The English, accustomed to this sort of thing, were nevertheless ground down by it. Towards the end of the game they gave the appearance of a team at the very limit of their physical and mental resources. Yet so well did Ireland judge their relentless aggression that not one of their players was cautioned.

The English are neither fish nor fowl. They want to imitate

the tactical sophistication and fluid positional play of the Germans and Italians and the team is packed with skilful players. But even though they have two wings they do not fly and cannot break free of their inbred tactical rigidity.

Against Ireland their sole strategy was to hit early balls over the lumbering Irish defenders so that Lineker could expose their lack of speed. He struck once after

eight minutes with a typical scorer's goal reacted quicker than any Irish defender to his own mistake to score. After that the wind and the Irish wrecked the English strategy and they failed to find another. Lineker on his own makes England contenders. He is the most prolific of scorers with 31 goals in 50 internationals before the World Cup.

While the Irish epitomise rough, mean-spiritedness on the field their huge band of travelling fans embodies generous friendliness off it. Where the English fans at the first game were almost all young men, many of the Irish were older and many were women.

Most of the English seem to have made their way across Europe the long way. Many roughed it. Those who could made their way to far-flung camp sites, some just tossed where-ever they could. Nobody had thought to provide any facilities for them and all that was waiting when they arrived were local toughs keen to prove themselves, and carry on armed to the teeth and keen to prevent any such thing.

In spite of all their hardships a small minority, in T-shirts which proclaimed their extreme right-wing politics, were still spoiling for a fight with any available foreigners especially if any camera crews were present. Their embarrassed compatriots at the match tried a more diplomatic approach with a bedraggled chorus of "Italia". They could well improve their repertoire by listening to the Belgians who give a rousing version of the EC theme tune, the last movement of Beethoven's Ninth Symphony. After an eccentric excursion by Choi In-Yung, the South Korean goalkeeper, had allowed Marc DeGryse to lob Belgium into the net, the fans bumed with great vigour. An ode to Choi indeed.

The referees have tried to allow creative players to compose football at its joyous best. The problem has been that many teams have been unable to climax their movements with goals. The referees spent most of their first two matches defending desperately, yet became the first team to qualify for the second round after Roger Milla, their ageing lion, pounced twice for two stunning goals which beat the Roumians and eclipsed all the brilliance of their stars Marius Lacatus and Gheorghe Hagl. Although Milla is unlikely to play in the World Cup final, the chances are that Carca, Voller or perhaps even Lineker will.

Teresa McLean

## Cricket

## The spirit in the Tavern

ety does not suit them.

That is why I had been dreading the anniversary match. I was afraid it would be jolly. The fact that it was a failure, with only a few spectators there, dotted around Lord's like specks of dust on the seats, meant that I need not have worried. The Taverners' opponents were an MCC XI of retired professionals such as Bobby Simpson, Colin Cowdrey, Brian Close and Clive Radley, who played calm, sometimes positively dour,

cricket. The Taverners watching the game preferred to talk about the past and the future of their charity under the no-nonsense leadership of Captain Anthony Swainson, its director. His 18 years at the helm have transformed the Taverners from a mildly charitable gentlemen's club based in the Home Counties to a high-flying charity raising more than £1m a year.

Public figures are recruited as members, to attract sponsors for the

matches. At the anniversary match the Taverners' team included Tim Rice (president and spin bowler), David Frost (wicketkeeper), Lord Stafford (opening bat) and Willie Rushton (slow, drifting bowler).

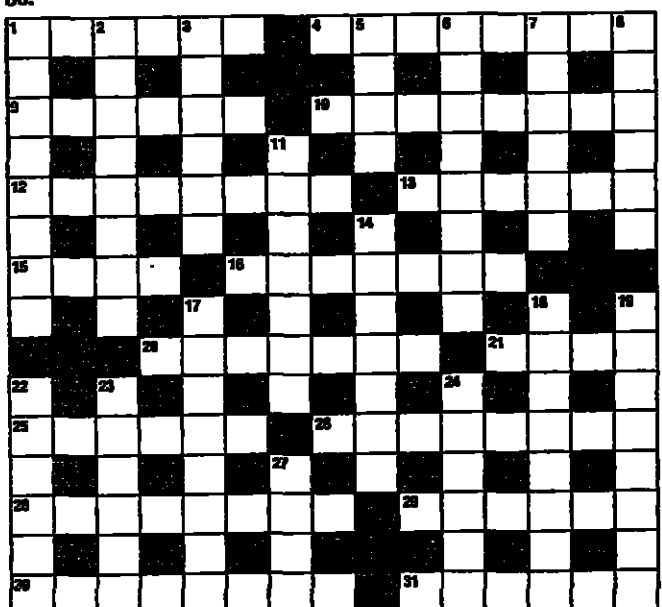
The sponsors were Guinness and their representative, a small, smart man with a crooked nose, like a leprechaun on hard times, handed the keys of a minibus for the handicapped to a man from the Alice Hoffman Day Centre in Nagshead, north London.

The Alice Hoffman man could not open the minibus, his efforts to do so set off the theft alarm and he dissolved into giggles. It fitted the spirit of the Taverners perfectly.

Teresa McLean

## CROSSWORD

No. 7,265 Set by CINEPHILE  
Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 27, marked Crossword 7,265 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday June 30.



- ACROSS**
- Coat on minerals causes upsurge (6)
  - Oxygen with the material is incandescent (5-3)
  - Stupid, round the bend, crazy (6)
  - Accommodation for club without electricity or steam (6)
  - A little bit soft to object (6)
  - Garment for bishop and bloodsucker (6)
  - Permanent line in abuse? (4)
  - Ask for tales of demons? (7)
  - Campaign to give companies assistance, say (7)
  - Inform others it can fly (4)
  - Straw divided by water (6)
  - Rely wrongly, keeping insecure foundation, on Greek hero (8)
  - Revolver wound? Gunners are back and ready (8)
  - A lot of signs, maybe 12, back to 1 across (6)
  - Sacred area in Edinburgh (8)
  - Parcel for boat costing a lot of money (6)
- DOWN**
- Epithet on gym among young children displays trivia (8)
  - Hold back — no play, bad weather (8)
  - Rank — was boss of the yard (6)
  - Opening that sounds complete (4)
  - Protective, yet ultra-revolutionary (8)
  - The poor find climbing difficult (4,2)
  - One behind another in merit and eminence (6)
  - Something wrong with limbs he put right (7)
  - Clearing solvers of seductive look (4,3)
  - More ready in the wings? (6)

**Solution and Winners of Puzzle No. 7,253**

**ACROSS**

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## TELEVISION &amp; RADIO SATURDAY



Hooray Henley: 150 years of the Henley Regatta is on C4 at 5.30pm

**BBC1**  
7.30 am Playdays. 7.50 Muppet Babies. 8.15 The 1.15 from Manchester. 8.40 Trooping the Colour. 12.12 pm Weather. 1.15 The 1.15 from Manchester. 1.40 Trooping the Colour. 2.15 The 2.15 from Manchester. 2.40 Trooping the Colour. 3.15 The 3.15 from Manchester. 3.40 Trooping the Colour. 4.15 The 4.15 from Manchester. 4.40 Trooping the Colour. 5.15 The 5.15 from Manchester. 5.40 Trooping the Colour. 6.15 The 6.15 from Manchester. 6.40 Trooping the Colour. 7.15 The 7.15 from Manchester. 7.40 Trooping the Colour. 8.15 The 8.15 from Manchester. 8.40 Trooping the Colour. 9.15 The 9.15 from Manchester. 9.40 Trooping the Colour. 10.15 The 10.15 from Manchester. 10.40 Trooping the Colour. 11.15 The 11.15 from Manchester. 11.40 Trooping the Colour. 12.15 The 12.15 from Manchester. 12.40 Trooping the Colour. 1.15 The 1.15 from Manchester. 1.40 Trooping the Colour. 2.15 The 2.15 from Manchester. 2.40 Trooping the Colour. 3.15 The 3.15 from Manchester. 3.40 Trooping the Colour. 4.15 The 4.15 from 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